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^BC-Iraq-Oil,0361<

^Iraq Accuses U.S., Britain, France of Blocking Oil Deal<

NICOSIA, Cyprus (AP) — Iraq on Thursday accused the United States, Britain and France of preventing a reasonable deal with the United Nations to allow the sale of Iraqi oil.

The minister of state for foreign affairs, Mohammed Said al-Sahhaf, told the official Iraqi News Agency that every time a deal was close, the three Western countries blocked it.

He said Washington, London and Paris did this by altering the U.N. proposals in such a way that they were completely different, and unacceptable to Iraq.

“This is a tendentious political position against Iraq that has nothing to do with the implementation of Security Council resolutions,” Sahhaf said.

He did not elaborate on the Western proposals that Iraq objects to, except to say that Iraq is prepared to sell oil “provided there is flexibility in selling and purchasing.”

“This is what the Security Council, as an institution, originally wanted,” Sahhaf said. “Iraq does not accept that this subject be exploited to fulfil colonialist objectives in Iraq, as desired by the United States, Britain and France.”

Arab sources said at U.N. headquarters last week that Iraq was close to an agreement to sell oil under U.N. supervision to finance food and humanitarian supplies, and talks on final arrangements would be held in New York at the end of the month.

The sources, speaking on condition of anonymity, told The Associated Press that Sahhaf and Foreign Minister Ahmad Hussein would hold talks in New York on “final details.”

They said they expected the eventual sale to be higher than the dlrs 1.6 billion originally authorized by the Security Council, but said the amount had not been worked out.

Under the plans proposed so far, payments for Iraq's oil would be deposited into a U.N. bank account. Revenue would be used to finance humanitarian supplies, pay reparations from the Gulf War and finance the inspection and destruction of Iraq's weapons of mass destruction.

Iraq so far has rejected those conditions, claiming they are a violation of its sovereignty. V0032 VVV 00279 I 24-04

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^UN Says Iraq Oil Sale Talks To Resume In Vienna Friday, June 19<

UNITED NATIONS (AP) _ U.N. officials said Tuesday that talks with Iraq on a possible dlrs 1.6 billion Iraqi oil sale will resume in Vienna on Friday.

Chief U.N. spokesman Francois Giuliani told reporters that the negotiating teams would be headed by Assistant Secretary-General Giandomenico Picco and Iraq's U.N. ambassador, Abdul Amir al-Anbari.

He declined to characterize the talks or predict that a final agreement would be reached to permit a one-time sale of oil to finance the purchase of food and humanitarian supplies.

He said last week that the talks probably would resume Friday if there was any indication that they would be ``fruitful.``

Iraq says that it needs to sell oil to generate revenue because U.N. sanctions are causing severe hardship to the Iraqi people after the devastation of the Gulf War.

The last round of talks was held in Vienna in March on a Security Council plan to allow the oil sale which also would finance war reparations and fund U.N. programs such as destruction of Iraq's nuclear, chemical and biological weapons programs.

A full economic embargo was imposed on Iraq after its invasion of Kuwait in August 1990. It still is in effect and bars any oil sales unless specifically authorized by the Council.

The council plan for oil sale requires stringent U.N. monitoring of the sale, with proceeds to be placed in a U.N. bank account and U.N. approval required for all purchases. U.N. officials also would supervise distribution of supplies.

Iraqi officials term the conditions onerous and had refused to sell oil in the past, saying the plan violated its sovereignty.

It was not known if the plan has been modified to meet Iraq's objections. Says Iraq V0194 VVV 00516 I 16-06 1554 BC Iraq Opposition Iraqi Opposit END OF DIRECTORY

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^BC-Iraq-Iran-Oil,0393<

^Report: Iraq Sending Petro Products, Other Goods To Iran, Turkey<

NICOSIA, Cyprus (AP) _ Iraq is exporting increasing amounts of petroleum products, fertilizers and cement to Iran and Turkey, the Middle East Economic Survey reported Monday.

The report in the Nicosia-based weekly followed a report in The Washington Post that the Clinton administration secretly protested to Iran last week about a large oil shipment it received from Iraq in apparent violation of U.N. trade sanctions.

The economic survey said reports from Baghdad indicated Iraq was trucking petroleum products, fertilizers and cement to Iran and Turkey in return for food, medicine and spare parts.

It said the downs of Khisrawi in central Iraq and the southern port of Basra were used for trade transactions with Iran, while the town of Fayda north of the oil town of Mosul was the transit point for trade with Turkey.

The Security Council is to hold a public meeting this week to discuss whether trade sanctions against Iraq should continue. The economic survey reported that the United States was likely to insist on three points:

_Since Iraq has not fulfilled all requirements of U.N. resolutions demanding elimination of its weapons of mass destruction, it is premature to even discuss lifting the sanctions.

The United States will not relax the conditions under which Iraq could sell oil to pay for humanitarian supplies. So far, Baghdad has rejected the U.N. conditions as too restrictive.

Washington will press for implementation of Security Council Resolution 688, which calls for assurances that "the human and political rights of all Iraqi citizens are respected." The economic survey said that fully complying with this resolution would "require such a total transformation in the behavior of the present regime as to belie all credibility."

The newsletter pointed out that Iraq has been active diplomatically in efforts to try to get the sanctions lifted but it that these have made little impact on the Clinton administration.

The new administration "seems determined to retain the sanctions and weaken the regime domestically by showing up its international isolation and lack of material resources, while at the same time strengthening Washington's ties with the opposition represented by the Iraqi National Congress," it said.

The congress is a coalition of Iraqi opposition groups.

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^Iraq Oil Sale Talks Open Wednesday, Iraq Interested,
Prospects Uncertain<

^Eds: UPDATES with talks under way, no comment from
Iraqis; lead prospects uncertain.<

^By VICTORIA GRAHAM=

^Associated Press Writer=

UNITED NATIONS (AP) _ Iraq, which previously spurned a
U.N.-supervised oil sale, on Wednesday resumed U.N. talks
to arrange dlrs 1.6 billion in exports to finance
humanitarian assistance for its people, hard-hit by U.N.
sanctions.

The talks, a sign of good will or desperation by Iraq,
come at a time when the Baghdad government and the United
Nations are at loggerheads over U.N. efforts to install
remote-controlled cameras at two former missile test
sites.

The head of the Iraqi delegation, Deputy Foreign
Minister Riyadh al-Qaissi, declined to comment to
reporters before the talks got under way in the U.N.
Secretariat Building. "I don't want to be presumptuous,"
he said when asked whether he predicted success, saying he
wanted to take stock of the situation before commenting.

Rolf Ekeus of Sweden, the chairman of the U.N. Special
Commission overseeing demolition of Iraq's weapons of mass
destruction, sounded pessimistic on Tuesday. He was likely
to brief the president of the Security Council, British
Ambassador David Hannay, on Wednesday.

"I don't see any relief in the foreseeable future for the lifting of sanctions," said Ekeus.

In a sign of how hard the embargo was biting, Iraq had initiated the talks before the U.S. missile strike against Baghdad.

Arab diplomats said Iraq is suffering from the U.N. sanctions and desperately needs humanitarian assistance which it cannot afford without the sale of oil, its major foreign exchange earner. Without the sale of oil, they said, Iraq must continue to sell off its gold reserves in order to buy food.

The talks are expected to last from one week to 10 days.

The Security Council imposed an oil embargo and sweeping trade sanctions against Iraq in August 1990 after Iraq's invasion of Kuwait. It decided to maintain the oil and trade embargoes as part of the cease-fire terms ending the Gulf War.

The oil embargo has been upheld in general, despite reports of a major Iraqi transfer to Iran and the small, U.N.-approved transfers to Jordan in exchange for food and other goods.

The Iraqi delegation will be headed by Deputy Foreign Minister Riyadh al-Qaissi, joined by senior officials from the Iraqi oil and trade ministries and the Central Bank, all of them experts in oil exports.

The U.N. delegation will be led by Carl-August Fleischhauer, head of the U.N. legal department.

The Security Council had offered to permit Iraq to sell dlr 1.6 billion in oil. But Iraq only would receive about dlr 900 million and would not control any revenue, which would go into a U.N. account.

Most of the revenue would finance U.N. weapons inspections and related post-Gulf War operations in Iraq; some also would go into a fund for reparations to Gulf War victims.

The United Nations would strictly control oil production, approve contracts and oversee distribution of humanitarian aid.

Previous talks broke down more than a year ago after Iraq said that it would receive too small a share of the dlr 1.6 billion and that the U.N. conditions of strict surveillance were onerous and a violation of Iraq's sovereignty. It especially opposed U.N. distribution of the humanitarian assistance to the Iraqi people.

Iraq has argued for a larger overall sale and less U.N. control, especially over distribution to its restive Kurdish population in the north and Shiites in the south.

Also at issue is transport. Iraq wants to export the oil directly from its own terminals and to avoid the costly Turkish pipeline, which had been favored by Western nations.

Iraq's pre-invasion output was around 3 million barrels a day. Its current production is around 500,000 barrels daily, mainly for domestic consumption. Iraq completely has rebuilt its oil industry, heavily damaged in the war, and can surpass its pre-war production.

10 / 08 / 92

-MEES DERGISINE GORE, YUMURTALIK
PETROL BORU HATTININ ACILMASI ICIN
TURKIYE VE IRAK GORUSUYOR

LEFKOSE (A.A) - Irak petrolunu Yumurtalik boru hattıyla Akdeniz'e ulastiran hattin yeniden acilmasi konusunda Turkiye ve Irak arasinda gorusmeler yapildigi ileri suruldu.

Lefkose'nin Rum kesiminde yayinlanan ``Middle East Economic Survey`` (mees) adli haftalik Dergi, Irak petrolunun ihracati iCin Turk ve Irakli yetkililer arasindaki gorusmelerin surdugunu iddia etti. Dergi, iki ulke yetkililerinin, geCen ayin ortalarinda Bagdat'ta biraraya geldiklerini, bu ayin iCinde de Ankara'da bir araya geleceklerini yazdi.

Mees'e gore, Turkiye, Yumurtalik petrol boru hattindan sevkedilen Irak petrolunden alacagi geCis ucretini tartismaya hazir oldugunu Irak tarafina bildirdi. Mees, Turk yetkililerinin, Irak ile BM arasinda anlasma saglandiktan sonra, Yumurtalik boru hattindan alinacak ucretin yarattigi sorunun, Irak'in petrol ihracatini engellemeyecegini soylediklerini yazdi.

Mees, Turkiye'nin, Irak'tan varil basina 1.99 dolar ucret istedigini, bu miktarin da Haziran sonunda Viyana'da yapilan gorusmelerde Bagdat'la BM arasinda petrol ihracati konusunda anlasma saglanmasini engelledigini ileri surdu.

(AFP-EGE-GUR) GORE d v

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-IRAK, 4 PETROL IHRAc TERMINALI
IcIN 15 Milyon dolar HARCADI

LEFKOSE - (A.A) - Irak'in petrol ihraC limani Al Bakr rafinerisinin tamamen tamir edildiği ve tam kapasiteyle faaliyete geçebilecek durumda olduğu bildirildi.

Resmi Irak Haber Ajansı INA'nın haberine göre, Irakli mühendisler, Korfez savasi sırasında tahrip olan dort ana petrol terminalini de hazır duruma getirdiler. Ajans, söz konusu tamir Calismalarinin Irakli sirketlerin olusturdugu bir konsorsiyom tarafından gerçekleştirildiğini ve 15 milyon dolara mal olduğunu bildirdi.

Irak'in Korfez savasi oncesinde petrol uretimi gunluk 3.1 milyon varil idi. Birlesmis Milletler ambargosundan sonra Irak'in gunluk 500 bin varil uretim yaptigi, bu uretimin 50-60 bin varilini tankerlerle urdun'e geçirdigi, geri kalanini da kendi ihtiyaci için kullandigi ileri suruluyor.

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^BC-Turkey-Iraq<

^Turkey Says It's Not Feasible to Use Iraqi Oil Reserves<

ANKARA, Turkey (AP) The Foreign Ministry said Wednesday that it would not be financially feasible to sell Iraqi oil, already stored in Turkey, in accordance with a U.N. Security Council decision.

Filiz Dincmen, the ministry's spokeswoman, told a weekly news conference that a "remarkable amount of money" was needed for the maintenance of the Turkish-Iraqi pipelines and the oil storage tankers once they were emptied to sell the oil inside them.

The U.N. Security Council voted last week to seize hundreds of millions of dollars in frozen Iraqi oil assets.

Four million barrels of Iraqi crude remained inside the twin pipelines before Turkey shut them down after Iraq's invasion of Kuwait two years ago. An additional 1.5 barrels of Iraqi crude is stored inside the storage tankers.

Dincmen said the United States was notified about those technical difficulties before the U.N. vote.

The pipelines used to carry a total of 1.5 million barrels a day from Kirkuk oilfields to the Turkish Mediterranean terminal of Yumurtalik. Turkey was earning about dlr 250 million in royalties.

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BC-Turkey-Iraq-Oil

Iraq Reportedly seeks Turkey's Help to Restore Pipeline Link

ANKARA, Turkey (AP) — Unable to repair heavy Gulf War damage to a chief oil export pipeline, Iraq has sought Turkish help, the semi-official Anatolia news agency said Sunday.

However, even if the United Nations sanctions were lifted now, the agency said it would take three months to restore the 1,000 kilometer (625-mile) twin pipeline link to the Mediterranean over Turkey.

Anatolia said Mete Goknel, the director general of Turkey's state-owned pipeline concern BOTAS, said Iraq asked a team of Turkish experts for help during a July 5-12 meeting in Baghdad.

Iraqi officials said the damage was heaviest to a pumping station and parts of the pipelines near Mosul, just south of the 36th parallel, the agency said.

Turkish experts were not taken to the site to assess the damage, but were reportedly shown photographs and other documents.

The Foreign Ministry was studying the Iraqi request for spare parts and machinery to see if it violated terms of the U.N. sanctions against Iraq.

"We cannot get the pumping station working before three months if we send the required help today," Anatolia quoted Goknel as saying.

Before Turkey shut them down after Iraq's invasion of Kuwait in August 1990, the twin pipelines carried a total of 1.5 million barrels a day from Kirkuk oilfields to the Turkish Mediterranean terminal of Yumurtalik. Turkey was earning about \$250 million in royalties.

* The closure of the pipelines and the U.N. trade embargo caused Iraq's pre-war crude production to drop from 3.3 million barrels to about 450,000 barrels a day, a fraction of which was reportedly being exported illegally over Jordan.

Last September, the U.N. endorsed a resolution permitting Iraq to export dlr's 1.6 billion's worth of oil to help pay its food imports, but Baghdad rejected the deal, saying the U.N. handling of the proceeds would be incompatible with its sovereignty.

The latest round of talks between the U.N. and Iraqi officials broke down at the end of June over remaining differences.

Goknel said if a compromise was reached, only one of the twin pipelines would be used to carry the total permitted by the U.N. which adds up to 80 million barrels at today's prices of dlr's 20 a barrel. He said the transport of the total would take four months.

He did not say how much would Turkey ask as royalty. Earlier, Ankara sought dlr's 264 million for the transport of the U.N.-permitted total, arguing that the price was not high in view of damages incurred because of the Gulf War.

But concerned with the nearly completed Iraqi drive to possess an alternative export outlet by reactivating the Mina al-Bakr oil terminal in the Persian Gulf, Turkey reduced its demand dropped its demand to 1.99 dollars a barrel.

But quoting from the Nicosia-based weekly Middle East Economic Survey, Anatolia said the Iraqi objections to the reduced price caused the failure of talks between the U.N. and Iraqi officials on the oil sale last June.

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ZA: as promised. here's NY addow/ior item with UN comment on turkey/iraqi oil/pipelines for your files. regards. frenken. ld addow/ior

*Turkey UN Mission Has No Orders To Ask For Use Of Iraqi Oil Idled In Iraq-Turkey Pipelines Since Aug 1990:Official

Turkey UN Mission-2: Turks "Probably" To Move For Iraqi Oil

NEW YORK --(AP-DJ)--Turkey's Mission to the United Nations (U.N.) hasn't received instructions to request U.N. Security Council permission to use the 9.2 million barrels of Iraqi crude oil idled in twin pipelines, linking Iraq and Turkey, a mission official said Thursday.

The official, who spoke on condition of anonymity, said, however, that it was "probably" the intention of the Turkish government to seek to use the Iraqi oil.

He said this would permit Turkey to recoup some of the losses it incurred from having shut the pipelines since August 1990 to comply with U.N. economic sanctions against Iraq for its invasion of Kuwait.

"We (at the U.N. mission) haven't been instructed to request permission from the U.N. Security Council," the official said.

"I know there is concern about long-term damage to the crude pipelines, which would add to the already heavy losses in hard currency and crude oil payments from Iraq from the loss of the use of the Turkey pipelines," the official said.

The Turkish Daily News newspaper reported in Istanbul Thursday that Turkey is seeking permission from the U.N. Security Council to use the Iraqi crude oil idled in the pipelines. The article cited Ferhat Atman, the Turkish foreign ministry acting spokesman, who said Turkey has been in "continuous contact" with the U.N. Council on the issue.

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The official at the Turkish U.N. Mission said he had seen the Turkish newspaper report and believed it indicated "the intent of the government."

He added that it would be "highly unlikely" for the U.N. mission not to be informed of any official Turkish government efforts to secure approval from the U.N. Security Council for use of the Iraqi oil idled in Turkish pipelines.

"All I can say is that we haven't yet been officially instructed on this," the official said.

The official confirmed that of the 9.2 million barrels in the twin pipelines stretching 986 kilometers from northern Iraq's Kirkuk oil fields to the Turkish Mediterranean port of Yumurtalik, 3.7 million barrels belong to Turkey.

In recent months, Turkish Prime Minister Suleyman Demirel has suggested that Iraq could some of its oil in the pipeline to pay part of its debts to Turkey.

But the Turkish U.N. Mission official said Turkish-Iraqi negotiations on attempting such an agreement broke down because of unspecified problems.

Iraq owed Turkey 62 million dlrs in unpaid crude oil pipeline transportation fees at the time of Baghdad's invasion of Kuwait in August 1990.

The Turkish-Iraqi twin pipelines had a transport capacity of 1.5 million b/d prior to the Gulf War.

Prior to the war and the pipelines' closure under U.N. sanctions, Turkey earned 280 million dlrs a year in crude transport and storage fees.

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AP-^BC-Britain-Iraq Oil,0328<

^BC-Britain-Iraq Oil,0328<

^Iraq Speedily Rebuilding Oil-Refining Capacity, Report Says<

LONDON (AP) _ Iraq has restored its oil refining capability to 80 percent of its capacity before the Gulf War, an industry newsletter says.

The report in the July 20 edition of Petroleum International Weekly, published in New York, said that seven plants are in operation and were producing one-half million barrels a day.

The newsletter said Iraq apparently had 50,000 barrels per day available for export although U.N. sanctions prohibit it from exporting oil.

Petroleum Intelligence Weekly said its reporter, Anne-Marie Johnson, spent nearly three weeks in Iraq, visiting most of the major oil facilities.

The newsletter said Iraq's refining capacity was up to 690,000 barrels per day in 1991 before the massive bombardment by the U.S.-led coalition.

The 92,000 barrel-a-day Dorah plant, near Baghdad, has operated at full capacity since December, despite suffering heavy damage during the first days of the allied offensive, Petroleum Intelligence Weekly said.

The Dorah plant is providing the bulk of its fuel to greater Baghdad, which has been largely cut off to outside petroleum supplies by the international economic embargo.

Also identified as running at its full prewar capacity is the 290,000-barrel-a-day Baiji complex of three refineries in northwestern Iraq, which was hit by air strikes in late January and early February 1991. The newsletter said that only the lubricants unit was operating below prewar levels.

But storage remains a big problem at Baiji, as 51 of 117 original storage tanks were reportedly damaged beyond repair.

The facility at Basra, Iraq's main port, is operating at less than half of its prewar 140,00-barrel levels, the report said.

The report indicated that the rebuilding effort entailed extensive cannibalization of parts from bombed-out facilities _ notably from the small southern refinery of Samawa, which was irreparably damaged in the raids _ and a near-total exhaustion of spare-parts stores.

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^Iraq Virtually Rejects Oil Sale<

^Eds: UPDATES, adds comments from head of inspection team on harassment<

^By VICTORIA GRAHAM=

^Associated Press Writer=

UNITED NATIONS (AP) _ In a deepening of its confrontation with the Security Council, defiant Iraqi diplomats Tuesday virtually rejected a U.N. plan to sell dlrs 1.6 billion in oil unless ``humilitating`` conditions are lifted.

They also said Iraq would refuse to allow U.N. weapons inspectors to search the Ministry of Agriculture, said it was time for them to leave and called their presence ``a stupid insult.`` The Security Council was considering its next move.

``We never said `no.` We said we are ready to cooperate (on the oil sale) if the Security Council lifts certain obstructions,`` Iraqi Ambassador Abdul Amir al-Anbari told reporters after meeting the president of the Security Council about the standoff with inspectors.

He criticized the U.N. terms as ``humiliating conditions`` which must be lifted, including use of a Turkish pipeline instead of an Iraqi port, U.N. approval of every oil sale contract, every purchase of food and medicine, supervision of oil and food transport, supervision of food distribution.

The council has authorized a one-time Iraqi oil sale in order to finance purchase of food and humanitarian supplies, to finance the work of U.N. weapons inspectors and to help pay compensation to victims of Iraq's invasion of Kuwait.

Iraq terms the conditions onerous and a violation of its sovereignty. Iraq would not control any revenue which would be deposited into a U.N. bank account.

Iraq doesn't want to use the Turkish pipeline and pay Turkey high fees and wants to open its Gulf port of Mina al-Baker instead.

Al-Anbari said he had delivered a formal response to Secretary-General Boutros Boutros-Gali on Monday about the oil sale. It was not disclosed.

Iraq's minister at its U.N. Mission, Samir K.K. al-Nima, said, ``It's not encouraging,`` when asked whether Iraq would sell oil.

''The U.N. sanctions have remained even though Iraq has fulfilled 90 percent of its obligations. We only want it (the revenue) for food and medicine,'' al-Anbari said.

He commented after he was summoned by Security Council President Jose Luis Jesus, the ambassador of Cape Verde, to demand that Iraq must permit U.N. weapons inspectors to search the Ministry of Agriculture for secret documents on its ballistic missile programs.

''It (the demand for access) is simply a stupid insult. It's time for them (the inspectors) to leave,'' he told reporters.

''It's sheer humiliation. I think it is time for the other side to behave reasonably and responsibly.''

The standoff between Iraq and the council entered its 10th day Tuesday, with Iraq saying the ministry was off-limits since it is a symbol of Iraq's sovereignty.

U.S. Maj. Karen Jansen, head of the U.N. inspection team, told a news conference here that she had been harrassed but she did not feel physically menaced or in danger.

She said that the Iraqis threw food at the inspectors' vehicles, entered their hotel rooms and riffled through their person belongings. She also said that her telephone rang ''every hour on the hour all night long.''

Tim Trevan, spokesman for the U.N. commission supervising the inspectors, said they were looking for documents about Iraq's illegal ballistic weapons development programs. He cited the extension of the range of Scud missiles in the al-Hussein program, the Badr-2000 program to develop missiles with a range of 1,000 kilometers (620 miles) and a three-stage space rocket.

In addition to the standoff and problems over oil sale, Iraq has defied the United Nations by refusing to extend an agreement providing for the work of about 500 U.N. guards and 500 relief workers distributing food and aid to disadvantaged Iraqis in Kurdish areas and in the south.

Iraq also has rejected the findings of a U.N. boundary-demarcation commission which ruled in favor of Kuwait on the land frontier. Writethru

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^BC-Iraq-UN-Oil Talks,0500<

^Report: Key Questions Unsolved In Iraq Oil-Sale Talks<

NICOSIA, Cyprus (AP) _ Iraq and the United Nations must resolve several key issues before Iraqi oil sales can resume, despite progress during high level talks in Vienna, the Middle East Economic Survey reported Monday.

A U.N. assistant secretary-general, Giandomenico Picco, said in the Austrian capital June 22 that ``almost all the technical issues have been cleared up.``

But the optimism that statement conveyed has faded.

The Iraqi experts did not have authority to approve the package right away and had to return to Baghdad for further instructions, the economic newsletter said.

The weekly newsletter, published in Cyprus, said a key stumbling block was that the United Nations still refused to allow Iraq export flexibility between its key Mina al-Bakr oil terminal in the Gulf and a northern pipeline that runs through Kurdistan and Turkey to the Mediterranean.

Diplomats at the United Nations told The Associated Press last week that the United States and its allies were willing to let Iraq transport some of its oil from Mina al-Bakr.

But in Vienna, the Iraqi team took a hardline stance and insisted that all of its oil be exported through that southern terminal, MEES reported.

The Security Council has prohibited Iraq from exporting oil since Saddam Hussein's troops invaded Kuwait in August 1990, but offered to allow the sale of dlrs 1.6 billion worth to pay for humanitarian aid, U.N. costs and a war victim compensation fund.

A council resolution says Iraq should export the oil through the northern pipeline. But Iraq wants to use Mina al-Bakr because it is more convenient for exports to Asia, a major customer, and less susceptible to Kurdish attacks.

MEES also said it was ``doubtful`` whether the United States would give the go-ahead to any resumption of Iraqi oil exports before November's presidential elections.

Washington is also unlikely to agree to oil sales before Baghdad accepts the recent demarcation of the Kuwait-Iraq border by U.N. experts, which so far it has balked at doing.

The Iraqi ``oil establishment`` favors accepting the U.N. terms to resume oil exports, MEES wrote.

But the newsletter, which has good Middle Eastern oil industry sources, said other policy makers in Baghdad argue that ``since the country has done without oil sales so far, it can afford to wait longer in the hope of obtaining better terms.``

Those officials point out that funds generated by the exports would be unavailable to Baghdad because they are supposed to go into a U.N. escrow account.

The presence of U.N. observers in the country to monitor the oil sales and the distribution of humanitarian aid could ``deprive Baghdad of its freed of action to deal with both situations,`` MEES wrote.

Before the U.N. economic embargo, Iraq produced about 3.3 million barrels of crude a day. Current production is about 450,000 barrels daily.

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^BC-UN-Iraq Oil<

^Iraq To Resume U.N. Talks On Limited Oil Sales Next Week<

^With Iraq Roundup<

GENEVA (AP) _ Iraq will resume talks with the United Nations on selling oil to buy humanitarian supplies that its people need because of a U.N. trade embargo, U.N. Secretary-General Boutros Boutros-Ghali said Tuesday.

Talks start July 7 in New York, he said in a statement.

Boutros-Ghali said he is confident that Saturday's U.S. attack aimed at the Iraqi intelligence headquarters in Baghdad ``will not constitute an obstacle to the holding of the upcoming negotiations.''

Boutros-Ghali said he got prior notice of the U.S. raid from President Bill Clinton.

Boutros-Ghali said he hopes the U.N.-Iraq talks ``will contribute to finding a peaceful solution to this problem, in conformity with the United Nations charter.''

High-level delegations are expected for the talks, U.N. spokeswoman Therese Gastaut said. No details were immediately announced on participants.

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ui BC-UN-Iraq Oil Iraq To Resume U.N. Tal

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^BC-UN-Iraq Oil, 1st Add<

^GENEVA: on participants.<

Iraqi Deputy Prime Minister Tariq Aziz made the offer to resume talks in a meeting with Boutros-Ghali in Geneva last week, diplomats say.

The U.N. Security Council has offered to let Iraq sell dlr 1.6 billion in oil to help its own people and to finance other U.N. costs, such as monitoring and eliminating Iraqi weapons of mass destruction. Most of the proceeds would go into U.N. coffers.

Iraq previously rejected the offer saying that the strict U.N. supervision of sales was offensive and a breach of its sovereignty.

The last talks ended inconclusively more than a year ago in Vienna.

A sweeping U.N. embargo was imposed after Iraqi troops invaded Kuwait in August 1990. There have been many reports of hardship and shortages in Iraq.

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^Turks Seize Iraqi Oil From Pipeline<

NICOSIA, Cyprus (AP) — Turkey and Saudi Arabia have seized some 13.2 million barrels of Iraqi oil held in storage tanks since the United Nations imposed its trade embargo nearly three years ago, the Middle East Economic Survey reported Monday.

Turkey is refining 5.2 million barrels of crude which had been stored at the Ceyhan terminal on the Mediterranean, the respected oil industry newsletter said.

The oil was confiscated under U.N. Security Council Resolution 778 of Oct.2, 1992, which provides for the seizure and sale of Iraqi oil stored abroad.

It is not clear what Ankara plans to do with the proceeds from the sale of the seized oil, worth about dlr 88 million at current prices.

Resolution 778 stipulates that money accrued from selling Iraqi oil should be transferred to a U.N. escrow account.

But Turkey has financial claims against Baghdad which have not yet been settled and may keep the proceeds from the sale of the oil as payment.

After the U.N. sanctions were imposed on Iraq for invading Kuwait in August 1990, Turkey shut down twin oil export pipelines running from Iraq to the Ceyhan terminal.

MEES reported that there are several more million barrels of Iraqi oil in the Turkish section of the 625-mile-long (1,000-kilometer) pipelines.

Under an agreement between the two countries, that oil is owned by Turkey.

1993

Ankara earned some dlr\$ 250 million a year in royalties from the Iraqi oil exports before the sanctions were imposed.

It is not yet known what the Turks plan to do with the oil in the pipelines.

Saudi Arabia earlier seized some 8 million barrels of Iraqi crude stored at the Mu'ajjiz terminal on the Red Sea and is processing it in its refineries, MEES said.

That oil is worth around dlr\$ 136 million at current prices.

Iraq also pumped its oil exports through Saudi Arabia in pipelines built during the 1980-88 war with Iran to avoid shipping it through the Gulf, where the Iranians constantly attacked tankers carrying Iraqi oil.

MEES said that another 10 million barrels of Iraqi crude remain in the Saudi pipeline, but it is not clear what Riyadh plans to do with it. That oil is worth around dlr\$ 170 million at current prices.

Saudi Arabia has not transferred the value of the seized oil to the United Nations, but has contributed dlr\$ 30 million to U.N. operations in Iraq.

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^US, Allies Willing to Allow Iraq to Use Gulf Oil Port<

^By ANDREW KATELL=

^Associated Press Writer=

UNITED NATIONS (AP) _ The United States and its allies are willing to allow Iraq to transport oil from a port damaged during the Gulf War in a one-time shipment to pay for medicine and food, diplomats said Thursday.

The U.N. Security Council has prohibited Iraq from exporting oil since Saddam Hussein's troops invaded Kuwait in August 1990, but offered to allow the sale of dlrs 1.6 billion worth to pay for humanitarian aid, U.N. costs and a compensation fund for war victims.

A Security Council resolution says Iraq should export the oil through a pipeline that crosses Turkey and leads to the Mediterranean Sea. But at talks with the United Nations in Vienna this month, Iraq suggested instead using its newly repaired Mina Al-Bakr terminal on the Persian Gulf, diplomats said. They spoke on condition of anonymity.

The United States, Britain and France are offering a compromise: allow Iraq to export some, but not all, of the oil through the Mina Al-Bakr terminal, damaged during the six-week U.S. and allied bombing offensive. It remains to be seen, however, whether other members of the Security Council, as well as Iraq, will accept the compromise.

Iraq would prefer to use the Mina Al-Bakr terminal because it is more convenient for exports to Asia, a likely major customer, and less susceptible to Kurdish attacks.

Turkey, however, is pushing hard for use of its pipeline, in part to compensate for the loss of millions of dollars in oil transport fees since Iraq's invasion of Kuwait, said Ahmet Acet, a counsellor at the Turkish mission to the United Nations. The conduit was closed after the invasion. Turkey also believes the allies' consent to use of the pipeline would be an expression of gratitude for hosting allied aircraft during the war, other diplomats say.

The Turkish company that runs the pipeline stands to gain dlr's 264 million from the deal, according to Acet.

The route for transporting the oil was the main sticking point in the Vienna negotiations between U.N. representative Giandomenico Picco and Abdul-Amir al-Anbari, Iraq's U.N. ambassador. Al-Anbari is now in Baghdad consulting with his government about whether to accept the United Nations' proposals for the oil sale. He is expected to return to the United Nations next week to report his government's decisions.

Diplomats say that although the resolution stipulates a one-time oil sale, if the arrangements are successful they could be expanded to allow Iraq to export more oil.

Iraq reportedly has tentatively agreed to U.N. proposals for monitoring the oil flow, although it is delaying the renewal of an agreement under which U.N. relief workers and guards are overseeing distribution of humanitarian supplies. The agreement expires June 30, and the U.N. employees would be needed to monitor oil flows and food and medicine bought with oil revenues.

Before the U.N. economic embargo, Iraq was producing about 3.3 million barrels of crude a day. Current production is about 450,000 barrels a day. Iraq's oil minister, Osama Abdul-Razak al-Hiti, said May 31 his country Iraq soon would be able to export 1 million barrels of oil a day from Mina Al-Bakr.

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^BC-U.N.-Iraq-Oil Talks<

^U.N.-Iraq Talks on Resumption of Oil Sales Continue<

VIENNA, Austria (AP) _ U.N. and Iraqi officials on Saturday continued talks on a possible one-time dlrs 1.6 billion sale of Iraqi oil to finance the purchase of food and humanitarian supplies.

A U.N. Security Council plan to allow the oil sale, which would also finance war reparations, requires stringent U.N. monitoring. Iraq insists those conditions impinge on its sovereignty.

Two previous rounds of negotiations on resumption of Iraqi oil sales have foundered.

Asked after the two-hour talks with Iraqi delegate Abdul Amir Al-Anbari whether Iraq had agreed to U.N. monitoring of the sale, U.N. Assistant Secretary General Giandomenico Picco said; ``Monitoring is what we have been discussing all day.``

A full economic embargo imposed on Iraq after its invasion of Kuwait in August 1990 bars any oil sales unless specifically authorized by the Security Council.

Before the invasion, Iraq was producing about 3.3 million barrels a day of crude oil. Its current production is about 450,000 barrels a day.

The talks in Vienna began Friday and were to continue Sunday.

(apdj/tw) U.N. Iraq

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^Iraq Says Oil Capacity Restored to Pre-War Level<

NICOSIA, Cyprus (AP) - Iraq's oil production capacity has reached 3.25 million barrels a day, close to what it had before the 1990 invasion of Kuwait, a Baghdad daily claimed Monday.

The state-run Al-Jomhuriya daily also reported that Iraq has lost dlr 55.69 billion from oil exports since the U.N. trade embargo resulting from the invasion, the official Iraqi News Agency said.

The agency, monitored in Nicosia, said Al-Jomhuriya cited an Oil Ministry source in its report, which said Iraq was pumping about 500,000 barrels a day for domestic consumption and had a surplus capacity of 2.75 million barrels.

The source said up to half of Iraq's oil facilities had been destroyed by allied bombing during the Gulf war that ended the seven-month occupation of Kuwait two years ago.

A multibillion-dollar postwar reconstruction has restored much of Iraq's infrastructure of roads, bridges, electric power and communications, as well as its oil facilities including pipelines, pumping stations and storage tanks.

But oil industry sources doubt its crude petroleum production capacity is much over 2 million barrels a day because of its lack of spare parts and hard currency due to the embargo.

One source, speaking on condition of anonymity, said it is believed that the government inflates the figure in order to bolster confidence in its reconstruction efforts.

Next to Saudi Arabia, Iraq has the largest oil reserves in the world, an estimated 100 billion barrels. Just before the Aug. 2, 1990 invasion, it had a daily pumping capacity of about 3.4 million barrels and planned to increase that by more than a million.

8-3-93

Iraq's production quota within the Organization of Petroleum Exporting Countries was 3.1 million barrels a day in July 1990. It was placed at 400,000 barrels at OPEC's February meeting in Vienna.

The Middle East Economic Survey, an industry newsletter, noted Monday that Iraq has rejected that quota, ``recognizing only the July 1990 agreement'' in the words of Oil Minister Osama Abdul-Razzak al-Hiti.

``Iraq will play a major role in correcting all OPEC's erroneous procedures and measures when it resumes oil exports, in such a way as to ensure that there will be no price collapse while retaining the present production level,'' MEES quoted the Iraqi official as saying.

Overproduction, which led to prices substantially lower than OPEC's July 1990 target price, was one factor that led to Iraq's invasion of Kuwait, which it accused of being a major quota violator.

Baghdad has rejected terms of a U.N. Security Council proposal that would allow it to sell dlrs 1.6 billion worth of oil in an emergency sale to buy food and medicine for its 18 million people. There is no sign of when sanctions may be lifted for it to resume oil exports. 8-3-1993

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Turkey Launches Initiative to Lift U.N. Embargo On Iraq

DJI

ANKARA (AP-DJ)--Prime Minister Tansu Ciller said Turkey would launch a diplomatic initiative to lift the United Nations (U.N.) embargo against Iraq because of the huge losses incurred for non-use by Iraq of an oil pipeline across Turkish territory, the Istanbul daily Cumhuriyet reported on Friday.

Ciller said the twin Ceyhan oil pipeline link, which used to carry the Iraqi crude oil to the Turkish Yumurtalik port on the Mediterranean, was left idle since the Gulf crisis erupted three years ago following Iraq's invasion of Kuwait.

"I made investment to that pipeline which is perishing now," Ciller told the daily. "How long I will remain silent over the issue?" she asked.

Ciller said Turkey would work in diplomatic terms to lift the UN economic sanctions against Iraq. "We have to explain that the move isn't against the United States or Turkey is not alienating itself from the world."

Ciller is expected to bring up the issue in Washington during her visit there next month.

President Suleyman Demirel also stressed in an interview with Cumhuriyet Friday that Turkey's action wouldn't be unilateral.

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Turkey/U.N. Embargo On Iraq-2: Great Financial Losses
[O-DJI]

Hurriyet columnist Ertugrul Ozkok quoted Ciller as saying in an interview that Turkey was facing a great financial loss because of the U.N. embargo against Iraq.

"We did our utmost (in alliance with the west) during the Gulf War. But, we also suffered a great loss for that reason. Now, it is time to compensate this loss somehow," she said.

Turkey's financial loss from the closure of the pipeline and the halt of the bilateral economic relations, including construction works in Iraq and a heavy border trade, amount to over 4 billion dollars, according to Turkish officials.

Turkey's own domestic economic problems, including an annual inflation rate of 67%, has been forcing Turkey's new prime minister, who's been in power for just two months, to seek new financial resources.

The U.N. Security Council maintained the oil embargo and the trade sanctions against Iraq after the Gulf War ended as part of the cease-fire terms.

The Security Council has offered to permit Iraq to sell 1.6 billion dollars worth of oil, but after several rounds of negotiations the two sides have failed to agree terms.

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Turkey/U.N. Embargo On Iraq-3: Tells U.S. Of Concerns
EO-DJI

The Turkish-Iraqi twin pipelines had a transport capacity of 1.5 million barrels a day prior to the Gulf War. Turkey earned 280 million dlrs a year in crude transport and storage fees.

Turkish Foreign Minister Hikmet Cetin relayed Turkey's concern over the issue to his U.S. counterpart Warren Christopher during a meeting in Washington last week.

Cetin told reporters upon his return home this week that he told Christopher that detailed studies should be undertaken to determine Turkey's financial loss because of the embargo against Iraq before the U.N. Security Council convenes to review the issue on Sept. 20.

"We told the United States that our patience was growing thin. But, it is an issue which mainly concerns Turkey. We are all alone in that struggle facing the United States and the U.N. Security Council," a government official told AP.

However, the official, who spoke on condition of anonymity, said it was a relief for Turkey to see that the new U.S. administration no longer ties the conflicts with the Iraqi President Saddam. "It is a step forward to hear the United States saying that it is up to Iraq's compliance with the U.N. resolutions."

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^Turkey Seeks Lifting of Embargo Because of Pipeline Losses<

ANKARA, Turkey (AP) — Turkey plans a diplomatic initiative to lift the U.N. embargo against Iraq because of the huge losses incurred for non-use by Iraq of an oil pipeline across Turkish territory.

Prime Minister Tansu Ciller said she cannot remain silent but would explain that the move wasn't against the United States and that Turkey "is not alienating itself from the world," the newspaper Cumhuriyet reported Friday.

The twin oil pipeline link, which used to carry Iraqi crude oil to the Turkish Yumurtalik port on the Mediterranean, has been idle since the Gulf crisis erupted three years ago following Iraq's invasion of Kuwait.

Ciller is expected to bring up the issue in Washington during a visit there next month.

President Suleyman Demirel also stressed in an interview with Cumhuriyet that Turkey's action wouldn't be unilateral.

Turkey's financial loss from the closure of the pipeline and the halt in bilateral economic relations, including construction work in Iraq, amounts to more than dlrs 4 billion, according to Turkish officials.

Turkey's own domestic economic problems, including an annual inflation rate of 67 percent, have been forcing Turkey's new prime minister, in power for just two months, to seek new financial resources.

The U.N. Security Council maintained the oil embargo and the trade sanctions against Iraq after the Gulf War ended as part of the cease-fire terms.

The Security Council has offered to permit Iraq to sell dlrs 1.6 billion worth of oil, but after several rounds of negotiations the two sides have failed to agree on terms.

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^Iraq, Turkey Agree To Prepare Oil Pipeline For Operation<

^By JAMAL HALABY=

^Associated Press Writer=

AMMAN, Jordan (AP) _ Iraq and Turkey have agreed to prepare an oil pipeline to export Iraqi crude once the international embargo against Baghdad is lifted, a Turkish diplomat said Monday.

Turkish Consul Recep Peker said the agreement was reached by Foreign Undersecretary Ozdem Sanberk and his Iraqi counterpart Riyad al-Qaisi in Baghdad last week. Sanberk stopped in Amman Sunday on his way back from Iraq.

Before the embargo was imposed following Iraq's 1990 invasion of Kuwait, the pipeline carried 1.5 million barrels of oil daily to foreign markets, about half Iraq's OPEC export quota.

'We have agreed with Iraq on a rescue operation for the pipeline in a manner that would not violate terms of the United Nations sanctions,' Peker told The Associated Press, adding that the preparations could begin as early as June.

He said the pipeline needs to be flushed out and cleaned, but stressed that the oil inside will be stored at Turkish refineries while the embargo is still in force.

Ankara closed the 1,000-kilometer (625-mile) twin pipeline that runs from Iraq's northern Kirkuk oil field to a Mediterranean terminal at Ceyhan, Turkey, when the embargo was imposed.

U.N. weapons experts may recommend a lifting of the embargo to the Security Council once a system of long-term monitoring of Iraq's arms industry is in place and working satisfactorily.

The experts are busy setting up the monitoring system after destroying the bulk of Iraq's weapons of mass destruction in accordance with the Gulf War cease-fire terms.

Experts say Turkey wants speedy resumption of the pipeline's operation out of concern that the estimated 7.5 million barrels of oil that remain inside could erode the structure beyond repair.

The pipeline has also come under repeated attacks by Kurdish rebels waging a separatist war in southeastern Turkey.

Turkey was a leading member of the anti-Iraq military coalition in the Gulf war, but in recent months has taken a more conciliatory approach. It is the only non-Arab member of the coalition to have reopened its embassy in Baghdad.

Turkey has complained of huge economic losses as a result of the embargo and is pressing for a resumption of oil exports.

In the past few months, Iraq has been negotiating with Western companies interested in oil deals after the embargo is lifted.

Western diplomats say that Italian, French and American oil companies have been involved in the contacts.

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portion of pipeline. (
^By JAMAL HALABY=
^Associated Press Writer=

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The experts are busy setting up the monitoring system after destroying the bulk of Iraq's weapons of mass destruction in accordance with the Gulf War cease-fire terms.

Experts say Turkey wants speedy resumption of the pipeline's operation out of concern that the oil now inside it could erode the structure beyond repair. An estimated 7.5 million barrels remain in the Turkish segment of the pipeline and 4.5 million in the Iraqi portion.

The pipeline has also come under repeated attacks by Kurdish rebels waging a separatist war in southeastern Turkey.

Turkey was a leading member of the anti-Iraq military coalition in the Gulf war, but in recent months has taken a more conciliatory approach. It is the only non-Arab member of the coalition to have reopened its embassy in Baghdad.

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^Turkish Official In Baghdad for Pipeline Talks<

NICOSIA, Cyprus (AP) _ A senior Turkish official Thursday began talks in Baghdad on disposal of several million barrels of oil trapped in a pipeline that runs from Iraqi fields to Turkey's Mediterranean coast.

The state-run Iraqi News Agency, monitored in Cyprus, said Ozdem Sanberk, an undersecretary at the Turkish foreign ministry, began consultations with his Iraqi counterpart Riyad al-Qaisi.

The agency gave no details except to say the two would discuss bilateral relations and trade and oil cooperation.

But Mehmet Ali Irtemcelik, Turkey's ambassador to Jordan, said earlier in the week that Sanberk's would focus on the 1,000-kilometer (625-mile) twin pipeline that runs from Iraq's Kirkuk oil fields to a Mediterranean terminal at Ceyhan, Turkey.

Ankara closed the pipeline, which used to carry 1.5 million barrels of Iraqi oil exports daily, immediately after the U.N. Security Council imposed a sweeping trade embargo against Iraq following the August 1990 Iraqi invasion of Kuwait.

Experts say Turkey is concerned that the estimated 7.5 million barrels of oil that remains in the pipeline could erode the structure before the embargo is lifted.

Turkey was a leading member of the anti-Iraq military coalition and allowed its territory to be used by allied planes for attacks against Iraqi targets during the war over Kuwait.

In recent months, Turkey has taken a more conciliatory approach to Iraq than the other members of the coalition. It is the only coalition member to have reopened its embassy in Baghdad.

Turkey, which used to earn up to dlr 250 million annually as pipeline royalties from Iraq before the sanctions were imposed, has been pressing for the lifting of the U.N. embargo, at least as far as oil exports through Turkey as concerned.

The Turks estimate they have lost billions of dollars as a result of the embargo, if all the repercussions on the Turkish economy are taken into account.

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^Turkish Official to Visit Baghdad for Pipeline Talks<

AMMAN, Jordan (AP) _ A senior Turkish official will visit Iraq this week for talks on disposal of several million barrels of oil trapped in a pipeline that runs from Iraqi fields to Turkey's Mediterranean coast, diplomats said Tuesday.

They said Ozdem Sanberk, undersecretary of the Turkish foreign ministry who is now visiting Jordan, was scheduled to leave for Baghdad on Wednesday for a two-day stay in the Iraqi capital.

Sanberk was not immediately available for comment.

But Mehmet Ali Intemcelik, Turkey's ambassador to Jordan, said Sanberk's talks with Iraqis would focus on the 1,000-kilometer (625-mile) twin pipeline that runs from Iraq's Kirkuk oil fields to a Mediterranean terminal at Ceyhan, Turkey.

Ankara closed the pipeline, which used to carry 1.5 million barrels of Iraqi oil exports daily, immediately after the U.N. Security Council imposed a sweeping trade embargo against Iraq following the August 1990 Iraqi invasion of Kuwait.

The embargo remains in place pending Baghdad's compliance with terms of a cease-fire that ended the Gulf War in February 1991.

U.N. experts already have destroyed the bulk of Iraq's weapons of mass destruction and facilities to develop such arms. They are now in the process of setting up long-term monitoring of the country's arms industries.

Experts said Turkey is concerned that the estimated 7.5 million barrels of oil that remains in the pipeline could erode the structure and render it unfit for use by the time the embargo is lifted and Iraq is allowed to resume its oil exports.

The pipeline also has come under repeated attack by Kurdish rebels waging a separatist war in Turkey's southeast.

Irtemcelik, the ambassador, said Sanberk's visit came in response to an invitation extended by his Iraqi counterpart, Riyad al-Qaisi, who was in Ankara in January for talks on the pipeline and to seek Turkey's support for an end to the U.N. sanctions.

Turkey was a leading member of the anti-Iraq military coalition and allowed its territory to be used by allied planes for attacks against Iraqi targets during the war over Kuwait.

In recent months, Turkey has taken a more conciliatory approach to Iraq than the other members of the coalition. It is the only coalition member to have reopened its embassy in Baghdad.

Turkish Prime Minister Tansu Ciller, who came to power last year, has complained that her country is suffering huge economic losses as a result of the suspension of trade with Iraq.

Turkey, which used to earn up to dlr\$ 250 million annually as pipeline royalties from Iraq before the sanctions were imposed, has been pressing for the lifting of the U.N. embargo, at least as far as oil exports through Turkey as concerned.

The Turks estimate they have lost billions of dollars as a result of the embargo, if all the repercussions on the Turkish economy are taken into account.

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Kurdish Guerrillas Attack Turkey-Iraq Oil Pipeline

SIRNAK, Turkey (AP-DJ)--A Turkish-Iraqi pipeline is on fire after being bombed by separatist Kurdish guerrillas, Turkish state pipeline Botas announced on Friday.

The fire was under control Friday, but fire fighters had yet to extinguish it, a Botas official said.

The attack - the third over the past 10 days - occurred near the town of Idil in this southeastern province.

The pipeline has been idle since Iraq's invasion of Kuwait in 1990.

The pipelines used to carry 1.5 million barrels of oil daily from Iraq's Kirkuk oilfields to a Turkish terminal on the coast, Turkey

the Mediterranean.

Kurdish guerrillas have been fighting for autonomy in southeastern Turkey. A decade of fighting has left over

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Iraq Inaugurates 30-40,000 B/D Khabbaz Oil Field: OPECNA

LONDON (AP-DJ)--Iraqi oil minister Safa Hadi Jawad on Tuesday inaugurated the 2-billion-barrel Khabbaz oil field development near Kirkuk in the north of the country, the OPEC News Agency (OPECNA) reported Wednesday.

The development, which included drilling 30 wells to produce between 30,000 barrels a day (b/d) and 40,000 b/d of crude oil and 45 billion standard cubic feet a day of natural gas, was abandoned by French contractors Hax, following the Iraqi invasion of Kuwait and the ensuing Gulf War, OPECNA said.

The final stage of the project was implemented by Iraqi engineers and technicians.

Oil sources in Iraq said successful testing of the facilities began last month. The scheme involves a high production capacity, although no details were given, the news agency said.

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iraqi experts and technicians restored two old units for oil condensation to work at north oil fields equivalent to half of basra refinery capacity, ina reported saturday.

hussein kamel irqi president adviser in a message to president saddam jussein said, "iraq's experts succeeded in their duty and the two units--seven and nine-- at the old oil condensation complex resumed operation with the capacity of 14 thousand barrel daily to the seventh unit, and 40 thousand barrel daily to the 9th unit", ina added.

the oil condensation complex was established during the two past decades 1940 and 1950 when foreign oil companies used to have the right for oil concessions investments in iraq, ina said.

kamel added that "while the old units are resuming production the average of refined oil in iraq reaches now 70 thousand barrel daily".

end - ka

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^Iraq Says Oil Capacity Almost 2.5 Million Barrels Daily<

^With Iraq<

^By VICTORIA GRAHAM=

^Associated Press Writer=

BAGHDAD, Iraq (AP) — Iraq could reach its pre-war oil production capacity by the end of the year after repairing facilities devastated by allied bombing, Oil Minister Osama Abdul-Razzak al-Hiti said.

He told The Associated Press on Monday that Iraq can now produce nearly 2.5 million barrels a day and has restored more than 90 percent of its refining capacity.

Iraq was producing about 3.3 million barrels a day before the August 1990 Gulf crisis. Hiti said that could be matched within a few months.

Independent oil analysts in the Middle East were sceptical of Hiti's claims.

They said restoring pre-war production levels this year was ``simply not possible`` and said current production was more likely around 2 million barrels a day ``at most.``

Hiti said there was no point in Baghdad boosting production to pre-crisis levels because of the U.N. economic embargo imposed after Iraq invaded Kuwait two years ago.

But when Iraq can sell oil freely again, it will have greater production capacity and greater reserves than before, he said.

Iraq has reserves of some 100 billion barrels of oil, second only to neighboring Saudi Arabia. The sanctions have cost it an estimated dlrs 35 billion in lost exports.

Hiti said all major damage had been repaired but that Iraq is not rebuilding many storage tanks in case the allies decide to bomb them again.

Oil industry sources outside Iraq said Baghdad has been using hidden assets abroad to buy some spare parts and equipment and smuggle them in to patch up its oil facilities.

Hiti said full drilling, seismic and exploration activities have been resumed. A new western field at Akkas is being drilled and promises to be a major producer of light crude.

He claimed Iraq has resumed exploration and development in the oil-rich southern marshlands, where the government is fighting Shiite Muslim rebels.

A new oil zone will be opened west of Nassariya in the southwestern desert, he said. Seismic studies have been done and exploratory wells will be drilled within a month.

Some of Hiti's figures correspond to estimates by independent oil industry analysts.

They contend that restoring and expanding Iraq's oil industry will cost billions of dollars and will require foreign help.

Despite Iraq's current isolation, its oil wealth will be an irresistible lure to foreign oil companies when sanctions end.

Baghdad has said it is already negotiating with France's Total and Elf-Aquitaine oil companies to develop vast, little-exploited southern oilfields when sanctions are lifted.

Hiti said there was no possibility Iraq will accept a U.N. proposal for a one-time sale of oil worth dlrs 1.6 billion to finance purchases of food, medicine and humanitarian supplies for Iraq's 17 million people.

Baghdad has rejected the terms of strict U.N. control over the sale and the allocation of one-third of the proceeds to Kuwait as war reparations. Iraq wants to sell oil worth some dlrs 2.3 billion.

The United Nations wants Iraq to ship the oil through a 600-mile (1,000-kilometer) twin pipeline to Turkey.

Iraq doesn't want to use that route because the pipeline runs through territory held by Kurdish rebels.

Baghdad also wants to avoid paying hefty transit fees to Turkey, which has lost dlrs 600 million in tolls since closing the pipeline in 1990.

Iraq prefers using the newly repaired offshore al-Bakr platform in the northern Gulf to reach its main oil markets to the east.

The Middle East Economic Survey, an oil industry newsletter published in Cyprus, said Monday the pipeline can only operate at about half its pre-war capacity of 1.6 million barrels a day.

The main problem is the virtual destruction by allied bombing of the IT-2 pumping station in northern Iraq, the newsletter said.

It reported last April that Iraq was able to produce 1.5 million barrels a day in its southern oilfields and 800,000 in the northern Kirkuk field.

Petroleum Intelligence Weekly, another authoritative source, reported in July after three weeks of on-site inspections in Iraq that 80 percent of its pre-war refining capacity of around 700,000 barrels a day has been restored.

Hiti said current production is about 550,000 barrels a day, with about 10 percent trucked to Jordan.

He also claimed that Iraq is producing chemicals for the oil industry as well as hydraulic fluid, lubricants, additives and other products which it once had to import.

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^Turkey and Iraq to Open Negotiations For Crude Imports(

ANKARA, Turkey (AP) _ Turkey and Iraq will open negotiations next week for the purchase of Iraqi crude by Turkey, a government official said Thursday.

The talks will take place during Iraqi deputy Foreign Minister Riyad El Kaysi's two-day visit here, Foreign Ministry spokesman Ferhat Ataman said.

Nearly 7.5 million barrels of Iraqi crude remained inside the twin Turkish-Iraqi pipelines when Turkey shut them down after Iraq's invasion of Kuwait. An additional 2 million barrels of Iraqi crude is stored inside storage tankers.

Under the terms of U.N. sanctions against Iraq, Iraq can sell a limited amount of oil, with the revenues going toward financing U.N. weapons inspections in Iraq and reparations.

Ataman said the U.N. embargo against Iraq has caused economic hardship for Turkey.

Turkey has lost royalties from the passage of oil through pipelines that used to carry 1.5 million barrels a day from Iraq's Kirkuk oilfields to a Turkish terminal on the Mediterranean.

Ataman added that Turkey would suggest to Iraq that it comply with the U.N. resolutions to bring the international economic embargo to an end.

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"BC-Turkey-Iraqi Pipeline"

"Worried Turkey to Discuss Pipeline Revival with Iraqis"

ANKARA, Turkey (AP) - Conceded that Iraq might seek another outlet for its oil exports- Turkey has invited officials from Baghdad for talks on reopening a pipeline link, the semi-official Anatolia news agency said Wednesday.

Turkey is also reported ready to drop demands for dlr 264 million in special fees as a "good will gesture" to Iraq.

The Iraqis are expected to arrive some time after June 13, the report said.

The 1,000-kilometer (600-mile) twin pipelines, which link Iraq's Kirkuk oilfields with the Turkish Mediterranean terminal of Yumurtalik and can carry 1.5 million barrels a day, were shut by Turkey in August 1990 after Iraq's invasion of Kuwait.

The Anatolia dispatch, quoting unnamed state officials, coincided with reports that U.N. and Iraqi officials were discussing the resumption of negotiations on June 17 to allow Baghdad to sell a limited amount of oil.

Last September, the U.N. Security Council approved a plan that would permit Iraq to sell dlr 1.6 billion worth of oil to help pay its food imports. But Baghdad rejected the plan on grounds that a third of the proceeds were to pay Gulf War reparations.

Before the closure, Turkey had been earning about dlr 250 million in royalties annually.

Turkish and Iraqi officials have already met several times, but the talks failed over Turkey's demand for special fees.

The report said Turkish officials were worried that Iraq might switch its oil exports to the Gulf, through the recently repaired Mina al-Bakr offshore terminal.

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^Iraqi Oil Pipeline To Turkey Still Needs Repairs, Survey Says<
NICOSIA, Cyprus (AP) _ Iraq's oil pipeline to Turkey, which the United Nations wants Baghdad to use for exports to buy humanitarian supplies, can only operate at as little as half its capacity, the Middle East Economic Survey said Monday.

The respected oil industry newsletter, published in Nicosia, quoted unidentified industry sources as saying the 600-mile (1,000-kilometer) twin pipeline's current capacity is between 750,000 and 1 million barrels a day.

Its normal capacity is 1.6 million barrels daily.

MEES stressed that the exact amount of oil which can be pumped through the pipeline will not be determined until it has been tested.

It was not clear how this development could affect U.N. insistence that Baghdad use the pipeline to sell oil worth dlrs 1.6 billion to buy humanitarian goods for Iraq's 17 million people suffering from U.N. economic sanctions.

Noting that part of the pipeline runs through territory held by Kurdish rebels, Baghdad wants to export the oil through the newly repaired offshore Mina al-Bakr platform in the northern Gulf.

Much of Iraq's oil market lies to the east, and it also would prefer to avoid paying hefty transit fees to Turkey.

The Iraqis have rejected the U.N. offer, claiming it violates Iraqi sovereignty and because the world body wants to allocate one-third of the oil sale proceeds to Kuwait as war reparations.

There seems little prospect right now of any early resumption of Iraqi oil exports.

The sanctions were imposed in August 1990 after Iraq invaded Kuwait.

Iraq's oil exports of 2.5 million barrels a day were halted. Turkey closed down the pipeline, which runs to the Mediterranean terminal at Yumurtalik.

MEES noted: "It has now become clear that much work and equipment resupply for the repair of pumping facilities will have to be carried out before the capacity of the Iraqi-Turkish pipeline is restored to its pre-war capacity."

It said the main problem is that the IT-2 pumping station, just south of Mosul in northern Iraq, was virtually destroyed in allied bombing during the 1991 Gulf War and has not been repaired.

By bypassing IT-2, and using power from the IT-1 station at the start of the pipeline near the oil center of Kirkuk, the line could pump 750,000 barrels a day, MEES said. It could go as high as 1 million barrels daily, MEES said, without elaboration.

Although Turkey has expressed willingness to respond to an Iraqi request for spare parts and repair crews, Ankara has to abide by the sanctions.

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Some Turks Link Use Of Air Bases To Iraqi Pipeline Issue

ANKARA (AP-DJ)--Turkey is defending itself against Western anger over its plan to drain Iraqi crude oil from a closed pipeline with Iraq despite the U.N. embargo on Baghdad.

Many here feel Turkey should give priority to its interests and link the issue with Turkey's hosting of a Western air force that monitors Baghdad's treatment of its Kurds.

"In democratic regimes governments are entitled to respond to public expectations," Ozdem Sanberk, the deputy foreign minister, said in an interview Wednesday.

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Turkey/Air Bases/Iraqi Pipeline -2: Review In June

Turkey's Parliament in June has to review the continued use of its bases for Western air forces monitoring Iraq's treatment of Kurds.

"We have been treated as if we have made an alliance with Iraq to violate the U.N. embargo. It has been an unnecessary tempest which is basically a result of a misunderstanding," Sanberk said.

He added that the practice was an "essential physical operation" to save the pipeline and it was "in no way in violation of the U.N. embargo."

Turkey has lost 20 billion dlrs for complying with the U.N. embargo.

The government plans to use some of the 12 million barrels of Iraqi oil, worth some 270 million dlrs, to help Iraq pay off its debt to Turkey. It will also send authorized humanitarian supplies to Baghdad in return.

The U.S. and some western countries charge that Turkey's usage of the Iraqi oil to pay down debt means converting of frozen Iraqi assets to cash.

Turkey shut down the pipeline, which ran from the Kirkuk oil fields to a Turkish terminal on the Mediterranean before waiting for the U.N. Security Council's decision over the matter and has acted in strict alliance with the West, Sanberk said.

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Turkey/Air Bases/Iraqi Pipeline -3: Diplomatic Trips Set

"It is time that the West also acts in solidarity with us when the issue is nothing more than a rescue operation of such a valuable asset," he added.

"Otherwise, Turkey will not be able to pursue its current policies," Sanberk said.

Sanberk underlined that the Parliament would feel obliged to respond to the public's expectations when the time came to extend its mandate in June.

"It is not likely that this Parliament will extend the mandate for the Western air force one more time under these circumstances," said Irfan Demiralp, a member of Parliament's foreign relations committee and Prime Minister Tansu Ciller's True Path Party.

Sanberk will travel to Washington at the end of the month to negotiate the issue with the U.S. officials as part of a recent diplomatic campaign to win approval from the leading members of the United Nations. There will be talks in Paris, London and Moscow too.

Besides closure of the pipeline, Turkey also lost lucrative cross-border trade with Iraq because of the U.N. embargo against Baghdad, imposed after Iraq's invasion of Kuwait.

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^Turkey Feels Punished Over Pipeline Issue<

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^By ZEYNEP ALEMDAR=

^Associated Press Writer=

ANKARA, Turkey (AP) _ Turkey is defending itself against Western anger over its plan to drain Iraqi crude oil from a closed pipeline with Iraq despite the U.N. embargo on Baghdad.

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^Turkey Grows Impatient Over Iraqi Pipeline Issue<

^By ZEYNEP ALEMDAR=

^Associated Press Writer=

ANKARA, Turkey (AP) _ Parliament might close Turkish air bases to the U.S.-led coalition guarding Iraqi Kurds if Washington continues to resist letting Turkey use Iraqi oil impounded in a joint pipeline, legislators said Friday.

''Turkey should go ahead with its plan no matter what,'' said Irfan Demiralp, a member of Parliament's foreign relations committee and Prime Minister Tansu Ciller's True Path Party.

Ciller supports the anti-Iraq coalition. But she faces strong opposition in Parliament, which will vote in June on whether to renew permission to let Western warplanes use Turkish bases.

Legislators are angry at U.S. resistance to a deal to let Iraq trade the oil impounded in a Turkish pipeline for food, medicine and debt repayment.

''It is true that there will not be enough votes for its extension if the United States does not show any flexibility now,'' said legislator Ismet Sezgin, another member of the foreign relations committee from Ciller's party.

Some 12 million barrels of oil is impounded under sanctions imposed after Iraq invaded Kuwait in 1990. Turkey says that under the sanctions, it has lost dlrs 20 billion in trade with Iraq.

Critics in Turkey also say protecting the Kurds in northern Iraq from attack by the government of Iraqi President Saddam Hussein encourages Kurdish rebels fighting for autonomy in southeastern Turkey.

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U.N. : Turkey Plan For Iraqi Oil Would Go Against Rules

NEW YORK (AP-DJ)--Turkey's intentions to drain and use some 12 million barrels of crude oil sitting in the Iraq-Turkey pipeline would go against Security Council resolutions regarding compensation for Gulf War victims, according to a United Nations committee.

"As conceived, the Iraqi-Turkish agreement would not comply with the mandatory deduction of 30% for the Compensation Fund and would deprive the UN Compensation Commission of up to 80 million dlrs," according to a letter from the Geneva-based commission, which has been relayed to the Security Council here.

Turkey and Iraq said they have reached agreement to drain the oil from the idled pipeline and to refine and consume - not sell - the crude. Turkey claims title to some 3.8 million barrels of the oil and said it intends to use the remainder of the oil to pay off Iraqi debt to Turkey and said also it will send authorized humanitarian supplies to Turkey.

Turkey's Foreign Minister Hikmet Cetin told AP-Dow Jones recently that Turkey believes the plan falls outside the scope of the U.N. embargo.

But Western diplomats have said that if Turkey uses the oil to pay down debt, it is effectively converting "frozen" Iraqi assets to cash. Under U.N. resolutions, when frozen Iraqi assets are liquidated, 30% of the resulting funds are to be based into an escrow account administered by the U.N. Compensation Commission.

Officials at U.N. missions on both sides of the issue said there is a great deal of sympathy for economic hardship suffered by Turkey since the pipeline from Iraq's Kirkuk oil field to the Turkish Mediterranean Sea port of Ceyhan was closed after Iraq invaded Kuwait in 1990. Cetin said he told U.S. Ambassador to the U.N. Madeleine Albright Turkey has lost some 20 billion dlrs due to the pipeline closure.

Talks aimed at resolving the issue are continuing, diplomats said.

Under the plan spelled out by Turkish officials the oil presently in the line would be drained and used at Turkish refineries so that pipeline repairs could take place. The pipeline would then need to be flushed to check the repair work. Oil industry officials familiar with the pipeline have said it's not necessary to flush the line with crude oil, but several diplomats have said this appears to be the intention of Iraq and Turkey, meaning that as much as twice the amount of oil in the line could be sent to Turkey under the plan.

The letter from the Compensation Fund refers to "available reports" as saying that after the idle 12 million barrels is moved through the pipeline, "another 24 million barrels of Iraqi crude would be pumped into and flushed through the pipeline and also moved to Turkish oil tanks. All 36 million barrels flushed through the pipeline would be put at the disposal of Turkey." It wasn't clear whether the "reports" referred to were direct communications from parties involved in the arrangement or if they were media, or other reports.

Officials had put a value of around 150 million dlrs to 160 million dlrs on the 12 million barrels in the pipeline.

The letter also cites unidentified "reliable sources" as pointing out that the Iraqi-Turkish agreement "would recognize the compensation deduction "in principle," but its application would be "deferred" to an indefinite future.

"The conclusion of the agreement on these terms would disregard the resolutions of the Security Council on compensation, would put at risk the whole (compensation commission) operation and would set an extremely dangerous precedent," according to the letter.

"It is evident, however, that such an agreement involving Iraq's oil and revenue could not go ahead, in the present circumstances, without the consent of the international community and therefore urgent efforts by the members of the governing council could still prevent the sanctioning of this non-compliance of the resolutions of the Security Council on which the whole compensation operation rests," according to the letter.

The letter warns that if Security Council resolutions "could be waived by unilateral actions, the potential of the entire compensation program would be gravely undermined.

"This situation therefore requires urgent action at the political level to secure in time that the deduction of the 30% would be applied to the operation foreseen in the Iraq-Turkey agreement and that the respective provision for the deduction be included in its text before its conclusion," according to the letter.

Diplomats have raised the notion that since Turkey's parliament is set to vote in late June on reauthorizing the use of its military bases in the Kurdish relief effort, the two issues may be closely linked in further talks.

"There are still lots of discussions going on," a U.S. diplomat said.

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Ciller Says U.N. And Turkey Should Cooperate In Rescuing Pipeline
(O-DJ)

ANKARA (APDJ) - Prime Minister Tansu Ciller said Tuesday that Turkey expected the United Nations to cooperate in a rescue operation of a joint Turkish-Iraqi oil pipeline which remained idle since Baghdad's invasion of Kuwait.

Ciller told a parliamentary meeting of her True Path Party that her government did not intend to violate the U.N. Security Council resolutions.

"The rescue operation should be carried out in a joint effort with the United Nations and not despite the United Nations," she said.

Turkey and Iraq reached an agreement last month to drain the trapped oil inside the pipeline.

Also on Tuesday, Turkish President Suleyman Demirel told reporters that the western alliance which defeated Iraq in the Gulf War should regard Turkey's position over the issue with "understanding."

Turkey estimates its financial loss as a result of the embargo at 20 billion dollars.

Turkey plans to use some of the Iraqi oil to help Iraq pay off its debt to Turkey. It will also send humanitarian supplies to Iraq.

But the western countries object that Turkey's usage of oil to pay down oil means conversion of frozen Iraqi assets to cash.

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Ciller: UN Should Help In Rescue Of Iraqi-Turkish Pipeline

ANKARA (APDJ)--Turkey Prime Minister Tansu Ciller said Tuesday that Turkey expected the United Nations (U.N.) to cooperate in a rescue operation of a joint Turkish-Iraqi oil pipeline which has remained idle since Iraq's invasion of Kuwait.

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Ciller/Iraqi-Turkish Pipeline -2: "A Joint Effort"

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U.S. "Continuing Discussions" With Turkey Over Iraqi Oil
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WASHINGTON (AP-DJ)--The Clinton administration is
"continuing discussions" with Turkey over its plan to
flush 12 million barrels of Iraqi crude oil from an
export pipeline, a State Department spokeswoman said
Tuesday.

State Department spokeswoman Christine Shelly added
that the U.S. has also stressed that any action taken
must be within the framework of U.N. sanctions against
Iraq, suggesting that Washington has some problems with
Turkey's latest proposal.

U.S./Turkey/Iraqi Oil-2: Discussing "Modalities"
EO-DJI

"We understand the importance to Turkey's economic
future of being able to preserve what for them is
certainly a very vital economic asset," Shelly said.
"We've made it clear that we would be opposed to any
steps that would violate United Nations' sanctions
against Iraq."

Shelly said that "Turkish officials have told us that
the Turkish government wants to act within the framework
of U.N. resolutions on this particular action. We're
continuing our discussions with the government of Turkey
on this subject."

Discussions over the matter have been held at various
levels of government, including talks involving the U.S.'s
representative to the United Nations and Turkey's foreign
minister on April 27 in New York.

Shelly, speaking at the State Department's regular
daily briefing, said Turkey hasn't actually moved to
flush the Iraqi oil, which has been held in the
trans-Turkish pipeline largely since Iraq's 1990
invasion of Kuwait.

"It was my understanding that it had not taken place
but that discussions were underway about the modalities
of this if it would be possible in some way under (U.N.
resolutions)," she said.

Shelly didn't indicate when discussions might lead to
a final decision.

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Turkey Plans To Resume Cross-Border Trade With Iraq

ANKARA (AP-DJ)--A high-level Turkish official declared on

Monday that Turkey would soon resume its cross-border trade

with Iraq, which came to a halt after the Gulf War.

"Our intention is to relay a message to the United States

and to the West that the damage from the loss of trade with

Iraq came to an unbearable stage for Turkey," he said.

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Turkey Faces U.N. Hurdles On Iraqi Oil Pipeline Issue

By DAVID BIRD

NEW YORK (AP-DJ)--Cash-strapped Turkey is finding sympathy, but also deep concern from western diplomats at the United Nations, who fear that its plan to drain and use

some 12 million barrels of crude oil in the Iraq-Turkey pipeline could weaken the embargo against Iraq.

"The Turks can't freelance," a British diplomat said Thursday, adding that Britain and the U.S. take the view that any arrangement regarding the oil in the idled pipeline

must be cleared by the U.N. Security Council.

That position appears to be in direct contrast to Turkey's view.

Turkish Foreign Minister Hikmet Cetin, at U.N. headquarters here Wednesday for to address the Bosnia issue, told AP-Dow Jones that his country hasn't informed the U.N.

of its plans and doesn't believe it needs to do so.

"It's nothing to do with the embargo," Cetin said, noting Turkey doesn't plan to sell the oil, but will refine it for domestic use.

Turkish officials value the oil in the pipeline at around 150 million dlrs and claim title to 3.8 million barrels. They have said they intend to use the remaining 8.2

million barrels to pay off some debt owed by Iraq and to send Iraq food and medicine on a humanitarian basis.

But diplomats said the oil in the pipeline should be considered a frozen Iraqi assets. Under U.N. resolutions, when Iraqi assets are unfrozen, about one-third of the resulting funds must go to a U.N.-established compensation fund for claims against Iraq.

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Turkey/U.N./Iraqi Oil -2: Some Crude Called "Frozen" Assets

Diplomats said the use of the oil to pay off debt puts Turkey on shaky ground at the U.N.

"Some money enters into it if they plan to pay themselves with crude. That oil is Iraqi and it is 'frozen,'

" one Western diplomat said. "There are very clear rules. This is not how they're supposed to do it."

Diplomats noted that when Saudi Arabia refined oil shipped from Iraq to the Red Sea via a pipeline across Saudi

Arabia, it made a payment of some 40 million dlrs for the oil into the compensation fund.

Cetin said Turkey and Iraq agreed to drain the pipeline as a "rescue operation" for the line, which has been closed

since August 1990, after Iraq invaded Kuwait.

Officials at the Ankara headquarters of Turkish pipeline

company Botas said Thursday that draining is needed to make

repairs at eight or nine points on the pipeline which have been damaged by bombings by the Kurdish separatist group PKK. Repairs are needed to make the line workable once U.N.

sanctions are lifted, officials said.

Cetin met Wednesday with the U.S. ambassador to the U.N., Madeleine Albright, about the Iraqi pipeline issue, Cetin and diplomats said. The U.S. expressed concern that "unfortunate precedents" could be set if Turkey went ahead with its plans regarding the pipeline.

Diplomats said Security Council members are sympathetic to Turkey's situation, but it remains unclear what type of arrangement can be worked out to provide relief. "We are sympathetic. We appreciate that they are suffering as a result of the embargo," one diplomat said.

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Turkey/U.N./Iraqi Oil -3: U.S. Response Expected In A Week

Cetin told Albright his country has lost some 20 billion dlrs in revenue since the pipeline was shut. Turkey has suffered an economic crisis that sent the lira reeling and resulted in strict austerity measures.

The 12 million barrels of oil in the pipeline would meet

Turkish demand for about three weeks, as industry data shows

1992 oil consumption averaged 500,000 barrels a day (b/d).

Officials at Botas, the Turkish pipeline company, said the line, once drained, would need to be refilled, since it

isn't sound practice to keep a pipeline empty.

Diplomats are concerned that Turkey will want to continue to move oil through the line after the current 12 million barrels are flushed. "They're basically talking about opening the pipeline. Maybe they'll want to go beyond

the 12 million barrels, but its not clear," one diplomat said.

An official at Botas said there isn't any intention currently to take any oil off the pipeline other than 12 million barrels currently in the line which runs from the Kirkuk oil field in the north of Iraq to Turkey's Mediterranean coast.

Cetin said Albright told him the U.S. would respond to Turkey's intentions regarding the pipeline in a week, but didn't give any hint as to what the response would be.

Some diplomats suggested that the Security Council could

take up the issue and possibly decide to endorse the Turks to go ahead with a draining of the pipeline on a one-time basis.

Cetin refused to say if Turkey would go forward with the

plan if the U.S. objected. He said he would "welcome" any proposal the U.S. would offer on the issue and stressed the

"very, very good relationship" with the U.S.

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Turkey/U.N./Iraqi Oil -4: Ciller Pledges To Keep Embargo

In mid-April, Prime Minister Tansu Ciller told AP-Dow Jones during a state visit to the U.S. that Turkey wouldn't do anything outside the scope of the international embargo against Iraq. But she said Turkey would continue to point out short-comings of the embargo.

Diplomats said a U.N.-sponsored oil sale plan aimed at getting humanitarian aid for Iraq and funding for U.N. monitoring projects in Iraq was in part designed to provide revenue for Turkey.

Under that plan, which Iraq has consistently rejected as a violation of its sovereignty, 1.6 billion dlrs worth of oil would be exported over a six-month period through the Turkish pipeline at Ceyhan on the Mediterranean Sea and Turkey would receive transit fees.

Oil industry officials said if Turkey goes ahead with the pipeline plan agreed with Iraq, some 500,000 b/d of crude which Turkey currently obtains from Saudi Arabia, Russia and Libya could come available on the market.

"Next week, the beginning of May, will be very important to us," a Botas official said, referring to the response time promised Turkey by Albright.

An Iraqi delegation is scheduled to visit Ankara in May to discuss specifics of draining the pipeline, Turkish foreign ministry officials said in mid-April in announcing the arrangement with Iraq.

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^Iraqis Step Up Anti-Sanctions Campaign, Report Says<

^By ED BLANCHE=

^Associated Press Writer=

NICOSIA, Cyprus (AP) _ An Iraqi Oil Ministry delegation will visit Italy and Ukraine later this month,

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^Iraqis Step Up Anti-Sanctions Campaign, Report Says<

^By ED BLANCHE=

^Associated Press Writer=

NICOSIA, Cyprus (AP) _ An Iraqi Oil Ministry delegation will visit Italy and Ukraine later this month, an economic newsletter reported Monday, as Baghdad steps up its campaign to undermine U.N. trade sanctions with the lure of lucrative contracts.

The authoritative Middle East Economic Survey, published in Nicosia, said the delegation will be led by Taha Humud, the ministry's senior undersecretary.

He led a similar team to Paris in February for talks with France's Elf Aquitaine and Total companies.

Some countries, such as China, France, Russia and Turkey, are pressing for a relaxation of the U.N. sanctions imposed on Iraq after Saddam Hussein invaded Kuwait in 1990.

They are being lured by major economic incentives Baghdad is dangling, as well as preferential treatment in repaying Iraqi debts totaling billions of dollars, if they help loosen the economic straitjacket.

For instance, Iraq agreed earlier this month agreed to repay its dlrs 1.5 billion debt to Bulgaria, mostly with oil, once sanctions are lifted.

Amid stiff opposition from the United States and Britain, an April agreement between Baghdad and Ankara to flush out some 12 million barrels of oil trapped in two sanctions-closed pipelines is causing growing diplomatic friction in the United Nations.

Washington claims that the scheme will violate the U.N. embargo even though Turkey plans to use the drained oil domestically rather than sell it abroad.

However, it would provide humanitarian aid to Iraq, which is permitted under the sanctions.

Turkey, a key component of the anti-Saddam coalition, is eager to restore its traditional ties with neighboring Iraq. Ankara, gripped by economic crisis, claims it has lost dlr 13 billion because of the sanctions.

Humud's visit to Rome is the latest in a series of contacts with Italy's Agip oil company that have been going on for several months.

These concern a possible production-sharing agreement to develop Iraq's southern oilfields at Nasiriyah, Halfaya and Dijaili, MEES said.

A high-powered delegation from the Rome-based Arab-Italian Chamber of Commerce visited Baghdad in early April. Chamber President Sergio Marini said he would submit requests to the Italian government to push for renewed trade with Iraq.

The Middle East Economic Survey said the visit to Ukraine "will focus on the possible import of supplies and equipment for the Iraqi oil industry" and oil exports from Iraq once the U.N. sanctions imposed after Saddam Hussein invaded Kuwait in 1990 are lifted.

The weekly newsletter said that Humud's team will also discuss the possible production-sharing participation of Ukrainian oil companies in developing the Yamamah sector of the giant West Qurna field in southern Iraq.

The Iraqis held talks in Moscow last month with the Russians on resuming development work on the Mishrif zone of the West Qurna field, one of the biggest in Iraq, halted by the invasion of Kuwait.

Similar negotiations have been held with other European oil companies, such as Germany's Deminex, and exploratory contacts have been made with U.S., Canadian, British, Brazilian, South Korean and Spanish firms.

But MEES reported that all the discussions remain "at the preliminary stage and ... much more time is needed before final drafts can be completed."

Iraq, producing more than 3 million barrels of oil day before the 1990 crisis, has reserves of 100 billion barrels, second only to Saudi Arabia.

Baghdad hopes that by offering big contracts once the embargo is lifted, oil companies will exert pressure on their governments to push for ending the sanctions.

Restoring its oil industry, its economic mainstay, is vital for Iraq to rebuild its shattered economy once sanctions end.

To do that, it will need massive foreign investment. There are some 20 to 30 billion barrels of oil in southern fields which have not yet been developed.

U.S. Secretary of State Warren Christopher said in a stinging indictment of Saddam published by The New York Times last month: "Saddam is trying to evade oil sanctions so he can acquire the resources to rebuild weapons he has never hesitated to use against his people and his neighbors.

"The international community cannot afford to allow this cynical tactic to succeed."

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Turkey Told UN Will Seek Payment From Pipeline Oil: MEES

MANAMA (AP-DJ)--At least four permanent members of the United Nations' (U.N.) security council have told Turkey that part of the value of all Iraqi-owned crude oil flushed from the Iraq-Turkey pipeline would be subject to a mandatory payment into the U.N. compensation fund for war reparations, the Middle East Economic Survey (MEES) said Monday.

Based on reliably informed sources, the Cyprus-based publication said it presumed the four were the U.S., U.K., France and Russia.

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Turkey Told UN/Pipeline -2: Expects 36 Million Barrels

The crude would be subject to a payment into the fund of up to 30% of its value, MEES said, plus undefined additional sums to cover U.N. operations in Iraq.

Turkey plans three flushings, which would produce a total volume of around 36 million barrels.

MEES said that the message conveyed to the Turkish government noted 8-9 million barrels of the oil is legally owned by Turkey and so wouldn't be subject to the mandatory payments.

The remaining oil however, would be subject to the payments, MEES said.

Turkey has warned that oil in the pipeline has remained stagnant since Iraq invaded Kuwait in 1990 and is damaging the line.

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Turkey To Go Ahead With Plan To Drain Oil From Iraq(
Pipeline, Newspapers Quote Prime Minister As Saying

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Turkey/Iraq Pipeline -2: Oil "Belongs To Turkey"

ANKARA (AP-DJ)--Turkish Prime Minister Tansu Ciller said her government would go ahead with its plans to drain the oil trapped in a joint Turkish-Iraqi pipeline, Turkish newspapers reported Friday.

The pipeline remains idle due to a U.N. embargo on Iraq since Baghdad's invasion of Kuwait almost four years ago.

Istanbul daily Milliyet quoted Ciller as telling reporters on a plane from Erzurum to Ankara on Thursday that the government would drain the oil since it belonged to (Turkey). (

Turkey/Iraq Pipeline -3: Plan To Resume Trade

Ciller said the draining operation wouldn't mean a violation of the embargo, but it is aimed at rescuing the pipeline from decay.

It has nothing to do with the embargo. We will explain our cause to the world and drain the crude, Ciller said.

Turkey plans to use some of the Iraqi oil to help Iraq pay off its debts to Turkey. It will also send humanitarian supplies to Iraq.

Some western countries object to move saying that usage of oil to pay down debts means conversion of frozen Iraqi assets to cash.

Also on Friday, Mehmet Gulcegun, the deputy chairman of the Social Democratic Populist Party, which is the junior partner of Turkey's ruling coalition, told a news conference that Turkey had plans to resume cross border trade with Iraq in the second half of June.

Gulcegun will visit Baghdad next month at the invitation of Iraqi Deputy Prime Minister Tariq Aziz.

Turkey estimates its financial losses because of the U.N. embargo on Iraq at about 20 billion dlrs.

Turkey/Iraq Pipeline -4: U.N. Wants Payments To Fund

Turkey's plans to drain the line and flush it with oil have drawn criticism at the U.N., particularly from the U.S. and Britain. Those nations argue that if Turkey uses the oil to pay down debt it is required to place 30% of the funds generated into a U.N.-managed fund to pay war reparations claims against Iraq. U.N. officials have said the compensation fund is critically short of funds and won't be able to make payments scheduled for September.

Currently there are about 12 million barrels of crude in the full length of the pipeline, which runs from the Iraqi oilfields at Kirkuk to the Turkish port of Ceyhan on the Mediterranean Sea.

Turkey has claimed title to some of the oil.

Under the plan reached with Iraq, Turkey intends to drain and flush the pipeline a few times, meaning that up to 36 million barrels of Iraqi oil could be sent to Turkey.

In recent days, Turkish officials said they would launch a diplomatic offensive to gain support for the pipeline plan, with visits to London, Washington and Moscow planned.

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Turkey To Go Ahead With Plans To Drain Oil From Pipeline

ANKARA (APDJ)--Turkish Prime Minister Tansu Ciller said Thursday that her government would go ahead with its plans to drain the oil trapped in a joint Turkish-Iraqi pipeline, the Turkish newspapers reported Friday.

The pipeline remains idle due to a U.N. embargo on Iraq since Baghdad's invasion of Kuwait almost four years ago.

Istanbul daily Milliyet quoted Ciller as telling reporters on a plane from Erzurum to Ankara Thursday that the government would drain the oil "since it belonged to (Turkey)."

Ciller said the draining operation would not mean a violation of the embargo, but it aimed at rescuing the pipeline from decay.

"It has nothing to do with the embargo. We will explain our cause to the world and drain the crude," Ciller said.

Turkey plans to use some of the Iraqi oil to help Iraq pay off its debts to Turkey. It will also send humanitarian supplies to Iraq.

The western countries object that usage of oil to pay down debts means conversion of frozen Iraqi assets to cash.

Also on Friday, Mehmet Gulcegun, the deputy chairman of the Social Democratic Populist Party, which is the junior partner of Turkey's ruling coalition, told a news conference that Turkey had plans to resume cross border trade with Iraq in the second half of June.

Gulcegun will visit Baghdad next month at the invitation of Iraqi Deputy Prime Minister Tariq Aziz.

Turkey estimates its financial losses because of the U.N. embargo on Iraq at about 20 billion dollars.

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Turkey Accepts UN Payment Terms Over Pipeline: Report
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MANAMA (AP-DJ)--Turkey has accepted a demand that it pays the United Nations Compensation Fund 30% of the value of the Iraqi crude oil it flushes from the Turkey-Iraq pipeline, the Middle East Economic Survey (MEES) said Monday.

The Cyprus-based newsletter said Turkey has also accepted that other undefined charges based on the value of the Iraqi oil might also be made by the U.N. to cover the costs of its operations in Iraq.

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Turkey Accepts UN -2: Iraq To Ask For Greater Cut

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According to MEES, "these factors weren't taken into consideration in earlier discussions between Ankara and Baghdad."

The value of the remaining oil will be divided 60% to 40% in favor of Turkey, MEES said. However, because payments to the U.N. were envisaged by the original Turkey-Iraq talks, MEES said Iraq is going to ask Turkey for the value of the remaining oil to be divided equally among the two states.

However, any oil Turkey receives would be for domestic use only and not for export, MEES said. The funds raised would be used to repair the pipeline, provide Iraq with humanitarian aid and repay Iraq's debts with Turkey.

"No outright financial payments would be made to Iraq," MEES said.

MEES said that up to three flushings of the pipeline are expected. The 1,000 kilometer pipeline runs between Iraq's Kirkuk oilfields to the Turkish Mediterranean terminal at Ceyhan.

Up to 9 million barrels of oil currently in the Turkish portion of the pipeline would be handed over entirely to Turkey, under the plan, MEES said.

However, 3-4 million barrels of oil in the Iraqi side of the pipeline, and any other oil obtained from other flushings would be subject to the U.N. payments.

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^Premier Hopes Turkey Will be Able to Rescue the Pipeline<

ANKARA, Turkey (AP) — Prime Minister Tansu Ciller on Sunday expressed hope that the international community will give the go-ahead for work on the Turkish-Iraqi oil pipeline, idled since the Gulf War.

Turkey and Iraq have agreed to drain oil from the pipeline. Turkey, complying with U.N. sanctions following Iraq's invasion of Kuwait in 1990, had made sure the oil stopped flowing for export.

Ciller said Turkey was continuing to argue that the pipeline would be damaged unless the trapped oil was drained.

"I have high hopes that it will be possible to repair (the pipeline) in the near future," Ciller told reporters.

"Negotiations are under way and we are heading towards a common understanding" with the world community, she added.

Turkish Deputy Foreign Minister Ozdem Sanberk said on Saturday in Washington that he had gotten a positive reaction in two days of talks with the U.S. officials on the issue. However, problems still need to be worked out with the U.N. Security Council, including the question of payment for the oil.

Sanberk was scheduled to move his lobbying to the United Nations over the next few days.

Turkey plans to use some of the Iraqi oil to help cover Iraqi debts to Turkey. It will also send authorized humanitarian supplies to Iraq.

But Western countries object that Turkey's usage of oil to cover debts essentially means converting frozen Iraqi assets to cash.

Turkey estimates its compliance with the embargo has cost it dlr 20 billion, including the pipeline closure and border trade.

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^Turkey Agrees To Pay U.N. Part Of Proceeds From Sale Of Iraqi Oil, Survey Says<

NICOSIA, Cyprus (AP) — Turkey has agreed to pay the United Nations 30 percent of the value of Iraqi oil it wants to flush from pipelines following a diplomatic scrap with the United States, the Middle East Economic Survey reported Monday.

But the authoritative oil industry newsletter, published in Nicosia, stressed: "It is too early to speak of a done deal on the subject between Turkey and the United States, or the United Nations."

"A good deal of negotiation remains to be accomplished, and the issue still has to be presented to the U.N. Security Council, which could require the passage of a new resolution."

Turkey, a key member of the U.S.-led coalition which drove the Iraqis out of Kuwait in February 1991, has been seeking to improve links with Baghdad in recent months.

It has proposed flushing out the twin 510-mile (800-kilometer) pipelines, which run from the Kirkuk oilfields in northern Iraq to Turkey's Ceyhan terminal on the Mediterranean.

Ankara, which is grappling with a major economic crisis, wants to use the oil trapped in the pipelines to alleviate its financial problems. It claims it has lost dlrs 20 billion because of the U.N. embargo.

The scheme was opposed by the United States and other members of the U.N. Security Council, even though Ankara claimed Baghdad would not benefit financially from it.

But the dispute has other political ramifications as Baghdad has intensified its efforts to split the coalition and have the sanctions eased, or lifted.

Ankara has hinted it might stop allowing U.S., British and French warplanes to be based in Turkey, a NATO member, to protect Kurdish rebels in northern Iraq from Saddam Hussein's forces after Washington cut its financial aid until Turkey improves its human rights record. This has strained U.S.-Turkish relations.

The Americans have also been pressing Ankara to do more to find a settlement to reunify Cyprus, which has been divided since Turkey invaded in 1974 and seized the northern one-third of the Mediterranean island.

Under the deal arranged by Turkey and Iraq, the oil would be sold by Ankara to refine for domestic consumption, provide Baghdad with humanitarian supplies permitted under the embargo and repay Turkish debts. Baghdad was to get no outright financial payments.

MEES said the deal envisaged that Turkey would do what it wants with the oil in its end of the pipelines, while the value of the remainder would be split 60-40 in Turkey's favor, with no provision for paying anything to the U.N. Compensation Fund, which has the right to one-third of Iraqi oil revenue to defray its post-war operating expenses.

The pipelines were closed when the United Nations imposed trade sanctions on Iraq in August 1990 for invading Kuwait.

They contain an estimated 11 to 13 million barrels of Iraqi crude — 8 to 9 million in the Turkish sector, and legally owned by Turkey, and 3 to 4 million on the Iraqi side. Altogether, the oil is worth around dlrs 200 million at current prices.

MEES quoted "authoritative sources" as saying Turkey has agreed to pay 30 percent of the value of the pipeline oil to the U.N. Compensation Fund set up after the 1991 Gulf War to pay reparations to victims of the Iraqi invasion of Kuwait.

Ankara would also pay "undefined additional sums" to cover the cost of U.N. operations in Iraq, the weekly newsletter reported.

"These factors were not taken into consideration in earlier discussions between Ankara and Baghdad," it noted.

MEES said that current diplomatic negotiations "envisage a limited number of flushings of the pipelines — two or three at the most."

The oil now trapped in the Turkish end of the pipelines would "not be subject to the war reparations payment requirement," the newsletter noted.

But the oil in the Iraqi sector would, along with "any additional volume obtained from further flushings of the line after the first exercise," it added.

"It is understood that Iraq will ask Turkey to change the formula agreed between them, now that 30 percent is to be paid to the Compensation Fund plus U.N. operations costs, so that the distribution would be on a 50-50 basis rather than 60-40," MEES said.

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Turkey Reports Progress In Getting Understanding On Pipeline Issue

ANKARA (AP-DJ)-- Turkey said on Friday it has made progress in getting understanding from the international community for the draining of Iraqi oil from a joint pipeline.

Turkey recently launched a diplomatic campaign to win support over the issue.

Foreign Ministry spokesman Ferhat Ataman told a weekly news conference that the international community recognized the necessity to rescue the pipeline from decay.

The pipeline has been left idle because of a U.N. embargo on Iraq after Baghdad's invasion of Kuwait four years ago.

The spokesman said "the preliminary signals coming from the United States" were also positive. He did not elaborate.

Ataman said Deputy Foreign Minister Ozdem Sanberk would go to Paris on the weekend to have talks on the issue with the French authorities before heading to Washington for the same purpose.

Turkey agreed with Iraq recently to clean up the pipeline with a draining job.

A total of 12 million barrels of crude remain inside the pipeline.

Turkey plans to count some of the crude stuck inside for Iraq's debts and also send some food and medicine for the rest.

Some western countries say usage of oil to pay down debts means conversion of frozen Iraqi assets to cash.

Turkey estimates its losses from the Gulf War amounted to over dlr 20 billion.

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U.S. Officials Mulling Turkish-Iraq Pipeline Issues

WASHINGTON (AP-DJ)--Assistant Secretary of State for European Affairs Stephen Oxman says U.S. officials will be meeting later this week to mull options for allowing Turkey to flush Iraqi oil from a trans-Turkish pipeline.

Oxman, speaking to reporters Tuesday ahead of next week's visit by Secretary of State Warren Christopher to Turkey for a high-level NATO meeting, reiterated that the U.S. believes the U.N. embargo against Iraq "is extremely important."

But he added that "Turkey has had to bear a very heavy burden in this connection as a country not only immediately adjacent to Iraq but also a country where there is the strategic asset of the oil pipeline, which has no longer been functioning because of Turkey's adherence to the sanctions regime."

State Department officials will be meeting for discussions aimed at "figuring out a way within the sanctions framework to flush the pipeline so as to preserve its physical integrity and its workability," Oxman said.

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U.S. Officials/Turkish-Iraq-2: "Various Suggestions"

"We intend to go into that in depth and to try and understand exactly what the Turkish point

U.S. Officials/Turkish-Iraq-2: "Various Suggestions"

"We intend to go into that in depth and to try and understand exactly what the Turkish point of view is on that and to make known our point of view and some of the ideas that we have," Oxman said.

Oxman noted "various suggestions" are under consideration. But he added that "I have no specific blueprint" other than "a shared objective" with Turkey to find a method that will support the pipeline and be "consistent with the U.N. sanctions regime."

The assistant secretary of state, who has been actively involved in discussions with Turkey over its plans for Iraqi oil, didn't elaborate on what the prospects are for a decision by next week's NATO meeting in Istanbul.

Christopher is scheduled to attend the NATO talks on June 9, which will be followed a day later by a meeting of the North Atlantic Cooperation Council.

It is expected that Turkish officials will be raising the pipeline issue during Christopher's visit and the meetings this week among senior State Department. But it isn't yet clear given Oxman's comments whether that internal discussions will be aimed at making a final decision, or coming up with yet another counterproposal to discuss with Turkey.

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Turkey Expects U.N. To Decide Quickly On Iraqi Pipeline

ANKARA (AP-DJ)--Turkey said on Tuesday that it expected the United Nations Security Council to provide a solution

this month to make possible the draining of the Turkish-Iraqi pipeline before the end of the summer.

"The weather conditions will permit us to work easily during the summer. But, a U.N. decision later than September will delay the issue to next year," Hayrettin Uzun, the general director of Turkey's state-owned pipeline company Botas, told a news conference here.

Turkey/ U.N. Decision -2: Will Not Act Alone Without U.N.

Uzun said the Turkish teams were already doing the necessary repairs job in the Turkish part of the pipeline which stretched from Kirkuk oil fields in Iraq to a Turkish terminal at Yumurtalik on the Mediterranean. He said there was some damage to the pipeline from the attacks of the Turkish Kurdish rebels.

"We understand there is not much problem in the Iraqi part of the pipeline. If we are given the go ahead by the U.N. for the flushing job, we will start it in 10-15 days," he added.

Turkey and Iraq have agreed to drain 12 million barrels of oil which has been idle in the pipeline since U.N. sanctions were imposed in 1990.

U.S. and other Western members of the U.N. Security Council have objected to the Turkish deal with Iraq, saying it would violate the U.N. sanctions.

Uzun said Turkey would not act alone without a U.N. decision.

"The flushing will not help Iraq in any financial way. It has nothing to do with the U.N. sanctions. It is an operation to rescue a 2.2 billion dlrs investment," Uzun said.

He said Botas's losses amounted to 1.5 billion dlrs because of the closure of the pipeline.

Uzun also added that he did not believe that Iraq would agree to a possible solution to pay 30% of the value of the pipeline oil to the U.N. Compensation Fund set up after the 1991 Gulf War to pay reparations to victims of the Iraqi invasion of Kuwait.

Turkish officials are in New York to hold talks at the United Nations over the issue.

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New Wrinkles Emerge At U.N. Turkey-Iraq Pipeline Talks

UNITED NATIONS (AP-DJ)--New wrinkles emerged in preliminary talks here Monday between Turkish officials and Western diplomats over the issue of draining crude oil from the idle Iraq-Turkey pipeline, diplomats said.

Differences continue between key Security Council members about how to give U.N. approval to the action, which Turkey calls a "rescue project" for the pipeline, which was shut down in August 1990 with the imposition of U.N. sanctions on Iraq.

Diplomats said it remains to be seen whether the differences can be overcome in further talks set for Tuesday and that the basis for agreement can be reached.

Several diplomats cautioned that even if an arrangement can be worked out among the council members, Iraq would have to go along with the deal.

Baghdad's view on U.N. involvement in the issue has yet to be clearly stated, in part because no draft resolutions have been agreed among the council members.

But Tariq Aziz, an Iraqi deputy prime minister, and his chief liaison with the U.N. of late, said in an interview in mid-May that he would oppose any agreement which included elements of the resolutions surrounding a one-time 1.6 billion dlrs oil sale, which Iraq has repeatedly rejected.

In the interview, with Energy Compass newsletter, Aziz said, "We shall not agree on solving it (the pipeline issue) on the basis of Resolutions 706 and 712. It has to be a special deal between Iraq and Turkey, because (the deal) is limited and there will be small amounts of money coming out of it that will be used for buying humanitarian needs from the Turkish market. So we don't see any reason for U.N. intervention in that."

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Wrinkles/Turkey-Iraq Pipeline -2: Russia's Viewpoint

A basic element of the resolutions cited by Aziz is that 30% of funds raised would go to pay war reparations to victims of Iraq's aggression on Kuwait, while a portion of the funding would also go defray U.N. costs.

France's Ambassador to the U.N. Jean-Bernard Merimee on Monday said his nation would support a draining and flushing operation for the pipeline, provided that the above compensation mechanisms were applied.

Diplomats said one new snag in the issue is Russia's view that the issue should be handled through the U.N. Sanctions Committee and not through any Security Council resolution. Diplomats also said Russia isn't fully supportive of Turkey's claim that it has a unique economic hardship as a result of the pipeline closure. Turkish officials have claimed 20 billion dlrs in losses as a result of the shutdown of the pipeline, through which Iraq transported oil from the its Kirkuk oil fields to the Turkey's Mediterranean Sea port of Ceyhan.

Russian officials have made references to losses their country has suffered as a result of the loss of a supply arrangement with an Iraqi power plant.

Diplomats said it remains to be seen whether Russia can be brought into the fold in support of the pipeline project. A meeting of key council members is expected Tuesday, diplomats said.

Also Tuesday, Ozdem Sanberk, the undersecretary in the Turkish foreign mission, is set to continue talks with council members on the issue before leaving for Ankara on Tuesday evening.

Sanberk was cautious about predicting progress in remarks to reporters Monday. He said it was "difficult to say" if a preliminary agreement could be reached on Tuesday at the U.N. He added, "it's too early to say anybody has agreed on anything."

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Turkey Says Pipeline Plan To Be Settled After Iraq Talks

ISTANBUL (AP-DJ)--Turkey on Wednesday said it would negotiate with Iraq the U.N.'s counter proposal to flush oil trapped inside a Turkish-Iraqi pipeline since Baghdad's invasion of Kuwait.

"We will finalize the matter after contacting with Iraq," Foreign Minister Hikmet Cetin told a news conference here.

Deputy Foreign Minister Ozdem Sanberk, who returned from New York after conducting talks with the western members of the United Nations Security Council this week, said no date was set yet for the meeting with the Iraqis.

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Turkey/Pipeline Plan -2: Wants Iraq To Oblige U.N.

Turkey and Iraq reached an agreement to drain the oil in the pipeline which ran from the Kirkuk oilfield to the a Turkish Mediterranean Sea port of Ceyhan.

"It is a rescue operation for such a huge investment," Cetin said. He added that the pipeline would decay if the oil continued to remain inside.

"Turkey has been treated with understanding," Cetin said.

But, Cetin added that the western countries stressed that under the pipeline plan, 30% of the value of the Iraqi oil moved to Turkey would have to be paid to a U.N. compensation fund for victims of the 1990-1991 Gulf War.

Cetin said 3.8 million barrels of the oil inside the pipeline belonged to Turkey since the payments were done before the Gulf crisis.

However, Cetin said Iraq shouldn't be obliged to pay any money for the rest of the oil that Turkey would receive. "It is not a matter of oil export for Iraq. Iraq will not be paid any money for it," he added.

Sanberk said Tuesday that 12 million barrels of oil which sat idle in the line since it was shut in August 1990 will be drained and the pipeline will be flushed with an additional volume of around 12 million barrels.

Sanberk said final, technical points hadn't been worked out. But diplomats said funds equal to the value of the oil would be deposited with the U.N. After payment to the compensation fund, the remainder of the money would be spent in Turkey for humanitarian goods to be sent to Iraq.

Cetin said Turkey's losses amounted to 20 billion dlrs because of the U.N. embargo on Iraq which shut down the pipeline and brought a cross border trade with Iraq to a halt.

"Turkey's desire is to see Iraq oblige with the U.N. Security Council resolutions and help lifting of the embargo," Cetin added.

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NYMEX/Opening-3: Turkish, Iraqi News Adds Bearish Tone

Other news contributing to the current bearish tone includes reports that about 24 million barrels of oil may be flushed through the Iraqi-Turkish pipeline as early as July.

News that Iraq is seeking to restore relations with Kuwait, implying that Iraq may be closer to complying with U.N. conditions for the lifting of U.N. sanctions against Iraqi oil exports, is not helping either.

Following are prices for selected NYMEX futures contracts at the close of Access trading Wednesday, with comparisons to prices at Tuesday's settlement:

(Prices for crude contracts are in dlrs a barrel, with changes in cents a barrel; product prices are in cents a gallon, with changes in points a gallon.)

| Contract | Access Close | Chg Tuesday | Vs Tuesday | Tuesday's Settlement | Low | High |
|------------------|-----------------|----------------|---------------|-------------------------|-------|-------|
| July Crude | 17.78 | up | 3 | 17.75 | 17.63 | 17.85 |
| August Crude | 17.37 | up | 1 | 17.36 | 17.27 | 17.43 |
| July Heating Oil | 46.34 | down | 12 | 46.47 | 46.15 | 46.45 |
| August Heat Oil | 47.05 | down | 6 | 47.11 | 47.00 | 47.10 |
| July Gasoline | 51.50 | up | 15 | 51.35 | 51.05 | 51.50 |
| August Gasoline | 51.00 | down | 23 | 51.23 | 51.00 | 51.00 |

Access volumes: crude 4,788; heating oil 602; gasoline 556.

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^U.S., Turkey Make Progress in Pipeline Dispute(

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^By GEORGE GEDDA=

^Associated Press Writer=

WASHINGTON (AP) _ The United States and Turkey have made a deal of progress toward resolving differences over United Nations sanctions against Iraq, U.S. officials said Friday after high-level talks in Istanbul.

Emerging from the talks in Turkey Friday, U.S. Secretary of Warren Christopher said the dispute ``has not been resolved completely'' and that technical details remain.

Washington officials here said much of the progress came during talks here last week involving Turkey's undersecretary for foreign affairs, Ozdem Sanberk.

But they noted that the United States cannot resolve the problem unilaterally because the embargo is a creation of the U.N. Security Council.

``Whether or not we are going to reach closure is going to depend on a number of countries,'' said one official, asking not to be identified.

Prime Minister Tansu Ciller and Foreign Minister Hikmet Cetik discussed the subject with Christopher during his visit to Istanbul for a NATO foreign ministers meeting.

The issue centers on 12 million barrels of Iraqi crude oil that has been waiting in a 616-mile (987-km) pipeline that extends from Iraq to the Mediterranean via Turkey.

The oil has been in the pipeline since the U.N. embargo was imposed after Iraq's invasion of Kuwait in 1990.

Turkey wants to flush the oil because it needs the revenues and fears pipeline corrosion unless the oil is moved soon.

Christopher noted that the United States and Turkey have agreed in principle on the need to flush the pipeline to prevent deterioration.

Turkey has proposed that a portion of Iraq's share of the proceeds be used to purchase humanitarian items for Iraq. But the Clinton administration objected to the proposed deal on grounds that it was inconsistent with the embargo.

Another issue yet to be resolved is the portion of the revenue that would be earmarked for the U.N. Compensation Commission, which was set up after the Gulf war to arrange for reparations for war damage.

It also is unclear what the Iraqis will demand in compensation for the transaction, the officials said. There will be no deal, one official said, if the Iraqi demand constitutes a ``serious undermining of the sanctions.''

The cutoff of trade with Iraq has caused serious damage to the Turkish economy, with some Ankara officials claiming losses of dollars 20 billion.

U.S. officials say they sympathize with the Turkish position but consider that estimate excessive.

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Turkey Will Negotiate With Iraq About U.N. Proposal For the Draining of Pipeline

ISTANBUL, Turkey (AP) — Turkey on Wednesday said it would negotiate with Iraq the U.N.'s counter proposal to flush oil trapped inside a Turkish-Iraqi pipeline since Baghdad's invasion of Kuwait.

"We will finalize the matter after contacting with Iraq," Foreign Minister Hikmet Cetin told a news conference here.

Deputy Foreign Minister Ozdem Sanberk, who returned from New York after conducting talks with the western members of the United Nations Security Council this week, said no date was set yet for the meeting with the Iraqis.

Turkey and Iraq reached an agreement to drain the oil in the pipeline which ran from the Kirkuk oilfields to a Turkish Mediterranean terminal.

"It is a rescue operation for such a huge investment," Cetin said. He added that the pipeline would decay if the oil continued to remain inside.

"Turkey has been treated with understanding," Cetin said.

But, Cetin added that the western countries stressed that under the pipeline plan, 30% of the value of the Iraqi oil moved to Turkey would have to be paid to a U.N. compensation fund for victims of the 1990-1991 Gulf War.

Cetin said 3.8 million barrels of the oil inside the pipeline belonged to Turkey since the payments were done before the Gulf crisis.

However, Cetin said Iraq should not be obliged to pay any money for the rest of the oil that Turkey would receive. "It is not a matter of oil export for Iraq. Iraq will not be paid any money for it," he added.

Turkey will count some of the oil to Iraq's debts to Turkey and send humanitarian supplies to Baghdad under the limits of the embargo for the rest. The oil will be used for domestic consumption.

Cetin said Turkey's losses amounted to dlr 20 billion because the U.N. embargo on Iraq which shut down the pipeline and brought a cross border trade with Iraq to a halt.

"Turkey's desire is to see Iraq oblige with the U.N. Security Council resolutions and help lifting of the embargo," Cetin added.

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France Favors Draining Iraq Pipeline If U.N. Gets Funds(

UNITED NATIONS (AP-DJ)--French ambassador to the United Nations Jean-Bernard Merimee said Monday he would support the Turkish-Iraqi plan to drain and flush twice the Iraqi pipeline which runs across Turkey.

But the ambassador said some proceeds from the arrangement must be paid to a U.N. compensation fund for war claims against Iraq.

Merimee made the comments after a meeting with Turkish Foreign Ministry Undersecretary Ozdem Sanberk.

France/Iraq/U.N. -2: Believes Turkey Will Agree

Merimee didn't specify the certain percentage of proceeds that should be withheld by the U.N.

But he noted that a previous U.N. oil sale plan, repeatedly rejected by Baghdad, had provided that 30% of revenues generated from the oil sale would go to pay war reparations, and that an additional amount would be used to pay the U.N.'s relevant administrative costs.

Merimee said he believes that Turkey will go along with the U.N.'s wishes on the issue, but said it was unclear whether Iraq would support the plan.

Iraq and Turkey have agreed to drain 12 million barrels of oil which has been idle in the pipeline since U.N. sanctions were imposed in 1990. That arrangement also calls for flushing the pipeline twice more with a further 24 million barrels of oil in what Turkey calls a rescue operation for the pipeline.

U.S. and other Western Security Council members have objected to Turkey's independent agreement with Iraq, saying it would violate U.N. sanctions.

While sympathetic to Turkey's economic situation, these Security Council members are requiring that the agreement be carried out under U.N. auspices and that payments be made to the compensation fund.

Turkey has said it intends to refine and use domestically, rather than sell, any oil that it receives from Iraq. In return, it would provide Iraq with humanitarian goods.

France/Iraq/U.N. -3: Turkey: Oil Wouldn't Enter Intl Mkt(

Sanberk has met with officials in London, Paris and Washington to work out an agreement for the plan with the U.N.

Asked by reporters Monday whether he thought the U.N. should have jurisdiction in the matter, Sanberk said, I think all the operations should be done within the system of the U.N.

However, Sanberk told reporters that it's very early to say anything at the moment about the details of the possible agreement under discussion.

He reiterated, though, that there would be no injection of oil into the international market.

Asked whether Turkey would import less oil should any deal to flush the pipeline go through, he replied, No, there will be no change in the balance.

Sanberk said it's too early to say whether Turkey would agree to give the U.N. 30% of the proceeds.

He said it is difficult to say whether he will reach an agreement with the U.N. Security Council on the pipeline issue before his departure from New York on Tuesday evening.

We will probably have to work on a technical resolution, he said, without elaborating.(

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U.N./Turkey/Pipeline

UNITED NATIONS (AP-DJ)--Sir David Hannay, the U.K. ambassador to the United Nations, said Tuesday Turkey should be encouraged to believe that an agreement can be reached on draining crude oil from an idle Iraqi pipeline with the U.N.'s approval.

But France's ambassador, Jean-Bernard Merimee, said that it is much too early to say that an agreement is near on the issue.

The U.K. ambassador said Turkey, in talks with Security Council members this week, found a lot of common ground on the approach to draining 12 million barrels of oil from the pipeline and to flushing it with additional volumes of crude oil.

Turkish Foreign Ministry Undersecretary Ozdem Sanberk has been meeting with Security Council members this week to discuss the pipeline plan.

Hannay stressed that the members were only discussing in broad terms, and weren't considering any specific U.N. resolution on the issue. He stressed that under the pipeline plan, 30% of the value of the Iraqi oil moved to Turkey would have to be paid to a U.N. compensation fund for victims of the 1990-1991 Gulf War.

Hannay said he expected Turkish officials to return to Ankara to discuss with the government the responses from the U.N. He said he didn't know whether the U.N.'s approach would be acceptable to Iraq, but said he understands that Iraqi and Turkish officials are holding ongoing discussions on the issue.

The French ambassador said the main sticking points to be worked out include details of payments to the U.N. escrow account, and the distribution of humanitarian purchased with the funds.

Merimee said that Turkish officials received this week a sympathetic response from the U.N. about the harsh economic problems Turkey has suffered due to the closure of the pipeline, which runs from the Kirkuk oil fields in Iraq to the Turkish port of Ceyhan.

Turkey has said it has lost 20 billion dlrs as a result of the pipeline closure.

Merimee said he believes the next step will be to refine detail of the agreement for consideration in a possible U.N. Security Council resolution, but he wouldn't say when he thought this would be done.

Turkey has said that it plans to refine and use domestically an oil it receives from Iraq, rather than sell it into international markets. In return, it would provide Iraq with humanitarian goods.

As reported, Hayrettin Uzun, the general director of Turkey's state-owned pipeline company Botas, told reporters in Ankara Tuesday he expects the U.N. to provide a solution this month to make the draining of the pipeline possible before the end of the summer.

The weather conditions will permit us to work easily during the summer. But, a U.N. decision later than September will delay the issue to next year, Uzun said. (

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Turkish Official: Security Council To Clear Pipeline Flush<

UNITED NATIONS (AP-DJ)--Ozdem Sanberk, Turkey's undersecretary for foreign affairs, said the United Nations Security Council has agreed in principle to a plan to flush 24 million barrels of crude oil through the Iraqi pipeline which runs across Turkey.

Sanberk, speaking to reporters after two days of meetings here, stressed that a final resolution would still need to be adopted by the Security Council. But he said he saw no obstacles to a final agreement.

Turkish officials said that once the final approval is given, they could start pumping the oil within 15 days and would expect to achieve a smooth flow on the line in some 20 to 25 days after the project begins.

Sanberk stressed that Turkey will refine the crude oil within the country and consume it domestically, rather than allow any exports.

He acknowledged that 30% of the value of the crude oil would be paid to a U.N. compensation fund for Iraqi war victims.

The remainder of the funds, diplomats said, would be used to purchase humanitarian goods in Turkey for shipment to Baghdad.

Sanberk declined to comment directly on whether it is likely Iraq will fully support the resolution. Although he did say that Iraq and Turkey had a common ground on the notion that the arrangement must be carried out under U.N. guidelines.

In an interview published in mid May, Tariq Aziz, an Iraqi deputy prime minister, said Iraq would not go along with the pipeline plan if it was based on key elements of earlier U.N. resolutions. Among the key elements of the resolutions Aziz cited was the payment of 30% of proceeds to the compensation fund.

Sanberk said that among other parameters in the agreement in principle is that the oil would not be exported by Turkey, that there will be no transfer of funds to Iraq, and there will be total transparency in all aspects of the operation.

Sanberk said there will definitely be contact with Baghdad and said he hopes the issue will be moving toward resolution in a couple of weeks.

Turkish officials accompanying Sanberk said the oil in the pipeline was causing corrosion and that once it was drained, a procedure called a pigging operation will be undertaken to check for defects in the pipeline.

After a fresh 12 million barrels of oil is flushed through the line after the initial draining, the pipeline would be closed with fresh oil inside, officials said.

Western nations on the Security Council have said the initial structure of the deal violated the the embargo against Iraq.

But one resolution being drafted by the British involves placing a value on the oil with Turkey being required to put into a U.N. escrow account funds equal to the value. Under the plan, after subtractions were made for administrative and reparations concerns, the U.N. would spend the remaining amount of funds in the escrow account in Turkey to buy humanitarian items for shipment to Iraq. --By David Bird

Sanberk said he couldn't give a timetable for when the U.N. would finalize the issue. He said he would return to Ankara for talks on the issue and that officials in Baghdad would be consulted.

Sanberk said he hoped the operation could start as soon as possible and would be underway sooner rather than later. But he wouldn't give a specific time frame.

Because final details of a technical resolution have yet to be drawn up, Sanberk said he was not in a position to elaborate on the elements of the agreement, which he said was unfolding at the moment.

However, Sanberk and other Turkish officials confirmed that 12 million barrels of crude oil which has been sitting idle in the pipeline since it was shut when the U.N. imposed sanctions on Iraq in August 1990, will be drained.

The pipeline will then be flushed once with an additional 12 million barrels of oil, or possibly slightly more crude oil.

Turkish officials said the total amount of oil to be drained through the pipeline will be very near to 24 million barrels, rather than 36 million barrels through two flushings as had been mentioned in earlier reports by some officials involved in the negotiations.

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New Wrinkles Emerge At U.N. Turkey-Iraq Pipeline Talks

UNITED NATIONS (AP-DJ)--New wrinkles emerged in preliminary talks here Monday between Turkish officials and Western diplomats over the issue of draining crude oil from the idle Iraq-Turkey pipeline, diplomats said.

Differences continue between key Security Council members about how to give U.N. approval to the action, which Turkey calls a "rescue project" for the pipeline, which was shut down in August 1990 with the imposition of U.N. sanctions on Iraq.

Diplomats said it remains to be seen whether the differences can be overcome in further talks set for Tuesday and that the basis for agreement can be reached.

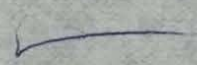
Several diplomats cautioned that even if an arrangement can be worked out among the council members, Iraq would have to go along with the deal.

Baghdad's view on U.N. involvement in the issue has yet to be clearly stated, in part because no draft resolutions have been agreed among the council members.

But Tariq Aziz, an Iraqi deputy prime minister, and his chief liaison with the U.N. of late, said in an interview in mid-May that he would oppose any agreement which included elements of the resolutions surrounding a one-time 1.6 billion dlrs oil sale, which Iraq has repeatedly rejected.

In the interview, with Energy Compass newsletter, Aziz said, "We shall not agree on solving it (the pipeline issue) on the basis of Resolutions 706 and 712. It has to be a special deal between Iraq and Turkey, because (the deal) is limited and there will be small amounts of money coming out of it that will be used for buying humanitarian needs from the Turkish market. So we don't see any reason for U.N. intervention in that."

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Wrinkles/Turkey-Iraq Pipeline -2: Russia's Viewpoint

A basic element of the resolutions cited by Aziz is that 30% of funds raised would go to pay war reparations to victims of Iraq's aggression on Kuwait, while a portion of the funding would also go defray U.N. costs.

France's Ambassador to the U.N. Jean-Bernard Merimee on Monday said his nation would support a draining and flushing operation for the pipeline, provided that the above compensation mechanisms were applied.

Diplomats said one new snag in the issue is Russia's view that the issue should be handled through the U.N. Sanctions Committee and not through any Security Council resolution. Diplomats also said Russia isn't fully supportive of Turkey's claim that it has a unique economic hardship as a result of the pipeline closure. Turkish officials have claimed 20 billion dlrs in losses as a result of the shutdown of the pipeline, through which Iraq transported oil from the its Kirkuk oil fields to the Turkey's Mediterranean Sea port of Ceyhan.

Russian officials have made references to losses their country has suffered as a result of the loss of a supply arrangement with an Iraqi power plant.

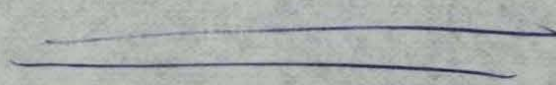
Diplomats said it remains to be seen whether Russia can be brought into the fold in support of the pipeline project. A meeting of key council members is expected Tuesday, diplomats said.

Also Tuesday, Ozdem Sanberk, the undersecretary in the Turkish foreign mission, is set to continue talks with council members on the issue before leaving for Ankara on Tuesday evening.

Sanberk was cautious about predicting progress in remarks to reporters Monday. He said it was "difficult to say" if a preliminary agreement could be reached on Tuesday at the U.N. He added, "it's too early to say anybody has agreed on anything."

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Wrinkles/Turkey-Iraq Pipeline -3: 27-Million-Barrel Plan

As reported, Iraq and Turkey said they have reached agreement on a plan for the draining of some 12 million barrels of oil from the Iraqi pipeline, of which Turkey already claims title to 4 million barrels.

Officials from both countries said that as part of the pipeline "rescue project," the line would have to be flushed through with more oil to test its integrity. The transfer of some 36 million barrels of Iraqi oil to Turkey under the plan has been widely mentioned.

Under the bilateral agreement, Turkey would use some of the oil to offset Iraqi debt to Ankara and the Turks also would send humanitarian aid to Iraq.

Turkey said it intends to refine for domestic use the Iraq oil, rather than sell it on the open market.

But Western nations on the Security Council, charging that the deal would violate the embargo against Iraq, have claimed jurisdiction over the issue and said Turkey needs the council's backing for the deal and must ensure that payments are made to U.N. funds.

Under a resolution being drafted by the British, a value would be placed on the oil involved and Turkey would be required to put into a U.N. escrow account funds equal to the value of the crude. After subtracting the amounts for administrative and reparations concerns, the U.N. would then spend the remaining funds in Turkey for humanitarian goods for shipment to Iraq.

U.S. officials said they also have a draft resolution in the works and were somewhat optimistic that the two could be melded into a workable document.

One diplomat who met the representatives from Ankara on Monday said the Turkish officials involved in the talks are "terrified the Iraqis will not agree to anything we might."

There appears to be some consensus that a total of 27 million barrels of oil would be involved in the plan, but officials haven't yet put a value on the oil, which is a key technical step toward getting the project moving.

Sanberk said in Washington after talks at the end of last week he hoped to have oil moving through the pipeline in July.--By DAVID BIRD

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U.N./Turkey/Pipeline-2: U.K. Says Accord Can Be Reached

UNITED NATIONS (AP-DJ)--Sir David Hannay, the U.K. ambassador to the United Nations, said Tuesday Turkey should be "encouraged" to believe that an agreement can be reached on draining crude oil from an idle Iraqi pipeline with the U.N.'s approval.

But France's ambassador, Jean-Bernard Merimee, said that it is "much too early" to say that an agreement is near on the issue.

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*France's U.N. Ambassador Says "Too Early" To Say Agreement Reached On Iraq-Turkey Pipeline Plan

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*Britain's U.N. Ambassador Says Turkey Should Be "Encouraged" On Iraq Pipeline Plans After Talks At U.N.

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U.N./Turkey/Pipeline -3: Found "A Lot Of Common Ground"

The U.K. ambassador said Turkey, in talks with Security Council members this week, found "a lot of common ground on the approach" to draining 12 million barrels of oil from the pipeline and to flushing it with additional volumes of crude oil.

Turkish Foreign Ministry Undersecretarys Ozdem Sanberk has been meeting with Security Council members this week to discuss the pipeline plan.

Hannay stressed that the members were only discussing in "broad" terms, and weren't considering any specific U.N. resolution on the issue. He stressed that under the pipeline plan, 30% of the value of the Iraqi oil moved to Turkey would have to be paid to a U.N. compensation fund for victims of the 1990-1991 Gulf War.

Hannay said he expected Turkish officials to return to Ankara to discuss with the government the responses from the U.N. He said he didn't know whether the U.N.'s approach would be acceptable to Iraq, but said he understands that Iraqi and Turkish officials are holding ongoing discussions on the issue.

The French ambassador said the "main sticking points" to be worked out include details of payments to the U.N. escrow account, and the distribution of humanitarian purchased with the funds.

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U.N./Turkey/Pipeline-4: France: Need To "Refine" Details

Merimee said that Turkish officials received this week a "sympathetic" response from the U.N. about the harsh economic problems Turkey has suffered due to the closure of the pipeline, which runs from the Kirkuk oil fields in Iraq to the Turkish port of Ceyhan.

Turkey has said it has lost 20 billion dlr as a result of the pipeline closure.

Merimee said he believes the next step will be to "refine" details of the agreement for consideration in a possible U.N. Security Council resolution, but he wouldn't say when he thought this would be done.

Turkey has said that it plans to refine and use domestically any oil it receives from Iraq, rather than sell it into international markets. In return, it would provide Iraq with humanitarian goods.

As reported, Hayrettin Uzun, the general director of Turkey's state-owned pipeline company Botas, told reporters in Ankara Tuesday he expects the U.N. to provide a solution this month to make the draining of the pipeline possible before the end of the summer.

"The weather conditions will permit us to work easily during the summer. But, a U.N. decision later than September will delay the issue to next year," Uzun said.

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Turkey's Sanberk In Washington To Discuss Iraqi Oil

WASHINGTON (AP-DJ)--Turkish Foreign Ministry Undersecretary Ozdem Sanberk is meeting Thursday with U.S. State Department officials to discuss prospects for flushing a trans-Turkish pipeline laden with Iraqi crude oil.

The discussions will focus entirely on that issue, a Turkish embassy spokesman said of Sanberk's meetings with State Department officials.

At the same time, it doesn't appear an agreement will be struck just yet over a program for flushing Iraqi crude oil within the context of U.N. sanctions against the Persian Gulf state.

A senior State Department official involved in the discussions with Turkey, Assistant Secretary Stephen Oxman, is traveling abroad ahead of the June 9-10 NATO meeting in Istanbul, a more likely venue for an accord to be struck.

Oxman told reporters on Tuesday that Turkey has had to bear a very heavy burden because of U.N. sanctions against Iraq. And he added that the meeting this week with Sanberk would be aimed at figuring out a way within the sanctions framework to flush the pipeline so as to preserve its physical integrity and its workability.

A State Department spokesman said that the talks Thursday were very good. But the official added that it is too soon to predict when an acceptable plan might be set.

Some U.S. officials suggested that further consultations within the United Nations might be necessary before a final agreement is put into place.

Sanberk, meanwhile, is planning to hold a press conference Friday afternoon before a scheduled speaking engagement at the Center for Strategic and International Studies, according to the Turkish embassy.

The trans-Turkish pipeline has been shut since August 1990.

Iraq and Turkey say they have an agreement to drain oil from the pipeline and related facilities to ensure it's in good working order. The flushing might involve more than 30 million barrels of Iraqi crude, according to various estimates.

The U.S. and the U.K. have raised concerns that the plan would violate U.N. sanctions. Turkey argues that since it plans to use Iraqi crude in its own refineries, and not resell it, that it doesn't violate the embargo.

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^Iraq Says Not Necessary for U.N. to be Involved in
Turkish Pipeline Plan<

VIENNA, Austria (AP) _ Iraq's oil minister said
Wednesday that it was not necessary for the United Nations
to be involved in a Turkish plan to flush oil from an
Iraqi pipeline.

The pipeline, which carried crude from Iraqi deposits
across Turkey to the Mediterranean Sea, was shut down by a
U.N. embargo imposed when Iraqi invaders overran
neighboring Kuwait in August 1990.

Turkey wants an exemption from the embargo to drain
oil out of the pipeline and refill it twice to keep the
line in operating condition.

Safa Hadi Jawad, Baghdad's oil chief, would not say
whether or not Iraq would go along with the pipeline
proposal worked out between Turkey and the United Nations.

But Jawad, speaking to reporters at a conference of
the 12-nation Organization of Petroleum Exporting
Countries, said Turkey did ''not need'' U.N. approval to
empty the pipeline.

The United Nations and Turkey have reached a tentative
accord to flush some 12 million barrels of oil from the
idled pipeline. Turkey would not be allowed to export the
crude but could use it domestically.

Under the accord, 30 percent of the value of the oil
would be paid to a United Nations fund set up to
compensate victims of the Gulf War.

Turkey has argued that the plan would give it
financial relief from the oil transit revenues lost
because of the embargo against Iraq.

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Iraqi, Turkish Officials Meet In Ankara On Pipeline Issue

ANKARA (AP-DJ)--A high level Iraqi official met in Ankara with Turkish officials Thursday to discuss details of a plan to drain oil from the idled Iraq-Turkey pipeline.

Iraqi deputy foreign minister Riyadh El Kaysi was received by Turkey's Foreign Minister Mumtaz Soysal.

After the meeting with Soysal, El Kaysi declined to answer reporters' questions regarding the distribution of humanitarian aid in return for its oil sales to Turkey. It remains the main obstacle during the negotiations.

Iraq refuses to accept international inspectors to monitor the distribution of humanitarian supplies.

"It is still too early to say what the outcome of the talks will be," El Kaysi said, adding that his country's position was very clear on the matter. He did not elaborate.

The plan calls for the 11.8 million barrels of oil in the line to be drained and for another 27 million barrels of oil to be then flushed through the line.

Turkey says reflushing is necessary to save the pipeline from decaying.

Negotiations are also expected to take place in New York later this week or next week at the U.N. between the United States, France, the United Kingdom, and Russia in an effort to draft a U.N. Security Council resolution on the issue.

The two countries and the U.N. have yet to come to an agreement on how any proceeds from the use of the oil will be distributed. None of the oil is to be sold on the international market, but will be used internally by Turkey.

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^Iraqi Official in Ankara To Discuss Pipeline Issue<

ANKARA, Turkey (AP) _ A senior Iraqi official arrived in Ankara on Thursday to discuss the details of a plan to drain oil from the idled Iraq-Turkey pipeline.

Iraqi deputy foreign minister Riyadh El Kaysi was received by Turkey's Foreign Minister Mumtaz Soysal.

After the meeting with Soysal, El Kaysi declined to answer reporters questions regarding the distribution of humanitarian aid in return for its oil sales to Turkey. It remains the main obstacle during the negotiations.

Iraq refuses to accept international inspectors to monitor the distribution of humanitarian supplies.

"It is still too early to say what the outcome of the talks will be," El Kaysi said, adding that his country's position was very clear on the matter. He did not elaborate.

The 27 million barrels of oil in the pipeline have been held since the United Nations imposed an embargo on Iraq after its invasion of Kuwait four years ago.

Turkey says reflushing is necessary to save the pipeline from decaying.

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Iraqi Official To Discuss Pipeline Issue In Turkey Thurs.

ANKARA (AP-DJ)--A high level Iraqi official will visit Turkey on Thursday to discuss the details of a plan to drain oil from the idled Iraq-Turkey pipeline, it was announced here on Wednesday.

A Foreign Ministry statement said the Iraqi deputy foreign minister Riyad El Kaysi would be in Ankara until Saturday.

The 27 million barrels of oil in the pipeline have been held since the U.N. imposed embargo on Iraq after its invasion of Kuwait four years ago.

Turkey says reflushing is necessary to save the pipeline from decaying.

Negotiations took place in New York at the U.N. between the United States, France, the United Kingdom, and Russia in an effort to draft a U.N. Security Council resolution on the issue.

The two countries and the U.N. have yet to come to an agreement on how any proceeds from the use of the oil will be distributed. None of the oil is to be sold on the international market.

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Iraq-Turkey Pipeline Talks Still Expected This Week

NEW YORK (AP-DJ)--Negotiations on flushing Iraqi oil from a pipeline in Turkey are now due to restart some time this week, a spokesman for the Turkish mission to the U.N. said Monday.

The 27 million barrels of oil in the pipeline have been held since the Gulf War pending a final resolution to claims against Iraq.

On Saturday, Turkey's U.N. Ambassador Inal Batu told the semi-official Anatolia News Agency Saturday that negotiations would restart Monday in New York.

We are now waiting for documents from Turkey, but we still hope the talks can restart this week, the spokesman for the Turkish U.N. mission told A.P.-Dow Jones Monday.

The U.S. State Department confirmed Monday it had sent some documents to the Turkish government for its consideration and was waiting for a response before scheduling a meeting.

On Saturday, Batu had said the U.N. ambassadors of the U.S., France, the U.K., and Russia would take part in the negotiations, aimed at drafting a U.N. Security Council resolution on the issue.

Batu said the decision to restart the talks was taken because everyone understood that the pause in the negotiations was a mistake.

Iraq-Turkey/Pipeline -2: Distribution Issue Outstanding

In July Turkey and Iraq reached agreement to flush the pipeline which runs from Kirkuk, Iraq to the port of Ceyhan, Turkey. The pipeline has remained idle since the U.N. imposed an embargo on Iraqi oil exports after the Persian Gulf War in 1991.

Turkey argues the pipeline is decaying and it needs to protect its investment by repairing, maintaining and flushing oil through the line.

However, talks between Turkey, Iraq and the U.N. failed to resolve the issue on how any proceeds from the use of the oil would be distributed. None of the oil is to be sold on the international market.

Turkey claims title to some of the oil in the pipeline and planned to compensate Iraq for the use of the balance in the line by offering to pay off its debts to Turkey and supplying Iraq with humanitarian goods, such as medical supplies.

However, Iraq refused to accept international inspection of the distribution network for the humanitarian supplies.

Turkey estimates its financial loss resulting from the closure of the pipeline and the restrictions on cross-border trade with Iraq at about 20 billion U.S. dlrs. (

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U.N. Talks On Turkey-Iraq Pipeline Flushing To Resume Mon.

ANKARA (AP-DJ)--Turkey's U.N. ambassador Inal Batu told the semi-official Anatolia News Agency Saturday that negotiations on flushing oil from a Turkish-Iraqi oil pipeline would restart in New York on Monday.

Batu said he and the U.N. ambassadors of the United States, France, England and Russia will take part in the negotiations, aimed at drafting a U.N. Security Council resolution on the issue.

He said the decision to restart the negotiations was taken "jointly by the interested countries."

"Everyone understood that the pause in the negotiations was a mistake," he added.

Turkey and Iraq reached an agreement to drain oil from the pipeline, which has remained idle since the United Nations imposed an embargo on Iraq after that country's invasion of Kuwait four years ago. Turkey says the pipeline will decay unless the oil trapped inside is drained.

However, the two countries and the U.N. have yet to come to an agreement on how any proceeds from the use of the oil will be distributed. None of the oil is to be sold on the international market.

For its part, Turkey plans to put some of the money toward helping Iraq pay off its debts to Turkey and supplying Iraq with humanitarian goods. Turkey will also send humanitarian supplies to Iraq.

One obstacle to an agreement on the issue is Iraq's refusal to accept international inspectors to monitor the distribution of humanitarian supplies.

Turkey estimates its financial loss as a result of the embargo on Baghdad at 20 billion dlrs because of the closure of the pipeline and the loss of a lucrative cross-border trade with Iraq.

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U.N. Diplomats Say Iraq-Turkey Pipeline Pact Hits Snags

NEW YORK (AP-DJ)--Negotiations aimed at gaining U.N. Security Council approval for a plan to drain oil from the idled Iraq-Turkey pipeline have hit serious snags, diplomats said.

Some diplomats, who have been pressing for agreement, now say it has only an even chance of being able to be worked out.

Turkish officials have been pushing for the pipeline "rescue project" to begin in August, before harsh weather conditions set in. But diplomats on all sides of the issue say they believe that higher-priority issues for the Security Council, such as the situations in Rwanda and Haiti, will push back consideration of the pipeline issue for several weeks, a crucial timing issue that threatens to scuttle the plan.

Under a preliminary plan being discussed among Security Council members, a total of 27 million barrels of crude oil will be taken from the idled pipeline and refined and consumed within Turkey.

The draining would take place over a six-month period, or at an average rate of around 150,000 b/d.

Iraqi officials have given in to a U.N. requirement that 30% of the value of the oil be placed in a escrow account run by the U.N. to compensate Gulf War victims.

The remaining funds would be used to purchase in Turkey humanitarian goods for distribution in Iraq. The issue of how that distribution will be carried out and monitored is the main stumbling point to the accord, diplomats on all sides of the issue said.

U.S. and British diplomats are leading those countries which are pushing for a stipulation that a guaranteed percentage of the goods be distributed to the Kurdish minority in northern Iraq.

But Iraqi diplomats said they are opposed to any such requirements and want a free hand in distributing the goods.

In conversations on the issue, Iraqi diplomats continue to question the premise that the U.N. has any say at all in the pipeline issue with Turkey. Diplomats on the other side of the issue said this attitude also jeopardizes the chances that an agreement can be worked out.

Western diplomats said there is strong support for providing assistance to Turkey through the pipeline pact, agreeing that the Turkish economy has been seriously damaged by lost revenue since the pipeline was shut in August 1990 after Iraq invaded Kuwait.

Turkish officials are expected to continue to act as intermediaries between Baghdad and Washington to try to push forward on the issue.

A Western diplomat close to the issue said the U.S. and Britain insist "there must be a guaranteed set percentage" of goods to be distributed in northern Iraq under the plan.

Generally, the percentage sought would be in the area of one-fourth to one-third of the total, this diplomat said. "Iraq has told the Turks they are not in favor of this at all, or would be looking at a very low percentage figure," this diplomat said.

He contended that Iraq effectively has an "economic blockade" in place against the Kurds in northern Iraq.

"Iraq is not accepting that anyone other than themselves be involved in the distribution," he added.

A senior Iraqi diplomat involved in the talks said Iraq won't accept non-governmental organizations, such as CARE or Oxfam, being involved in the distribution, charging these groups are politically tied to the west. He said Iraq has in place an adequate system of rationing goods which could be used to distribute humanitarian aid purchased under the pipeline plan.

Iraq's Deputy Prime Minister Tariq Aziz told a U.N. press conference on Tuesday that some Security Council members are seeking to add "political conditions" to "100% technical matters" of draining and flushing out the pipeline.

Aziz confirmed that the issue of distribution of the goods is the key issue to be resolved.

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Turkey/Iraq Pipeline Flushing Not Imminent: MEES

MANAMA (AP-DJ)--The Turkey/Iraq pipeline won't be flushed imminently, the Middle East Economic Survey (MEES) said Monday.

The Cyprus-based publication said the flushing has hardly been mentioned at the United Nations Security Council in the past two weeks.

The main obstacle to an agreement is that Iraq won't accept international inspectors watching over the distribution of humanitarian supplies.

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Turkey/Iraq Pipeline -2: Iraq Worried About Sovereignty

The U.N., Turkey and Iraq have been trying for some weeks to agree a way of distributing the revenues earned from flushing the pipeline.

A draft resolution calls for the equitable distribution of humanitarian supplies, with special reference to the Kurds. However, Iraq sees the resolution as an infringement of its sovereignty.

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Turkish U.N. Envoy Hopes For Pipeline Progress Next Week

NEW YORK (AP-DJ)--Turkey's ambassador to the United Nations, Ina Batu, said Friday he hopes a draft Security Council resolution allowing for the draining of the Turkish-Iraqi pipeline can be drawn up by the end of next week.

At a briefing for journalists, the ambassador said, however, he couldn't say when he expected the Security Council to take final action on the issue.

Batu said a director general of the Turkish foreign ministry T. Kurtetekin, will visit Washington, D.C. beginning Tuesday for talks with State Department officials.

There have been extensive talks in the last three days and I'm hopeful we can have a draft resolution ready by the end of next week, Batu said.

The pipeline plan, subject to U.N. Security Council approval, would allow for 27 million barrels of Iraqi crude oil to be drained and flushed through the line which runs from Iraq's Kirkuk oil field in the north to Ceyhan, a port city on Turkey's Mediterranean Sea coast over a six month period.

Turkey will refine the oil and use it domestically, and provide Iraq with humanitarian goods.

Batu reiterated Iraq has agreed to two key elements of the U.N. plan: the use of a U.N. escrow account for the resulting funds and the payment of 30% of the proceeds to a U.N. compensation fund for Gulf War victims.

But the sticking point remains to be how the humanitarian goods would be distributed within Iraq, he said. Ideas being considered are use of non-governmental organizations or private agencies to distribute food and medicine throughout Iraq.

Iraq is understood to favor as little monitoring of distribution as possible, but a key concern is how goods would be distributed in the northern, Kurdish areas of Iraq.

Batu noted 3.8 million barrels of the oil in the belongs to Turkey and would be exempt from the 30% compensation clause. He said the as-yet-undetermined costs of repairing the pipeline would be deducted from the fund before the 30% would be taken for compensation payments.

Batu said the timetable for the Security Council to consider the resolution isn't clear. But he repeated Turkey would be able to start pipeline draining and repairs two to three weeks after gaining Security Council approval.

He noted the pipeline will be filled and sealed after the operation is complete, unless U.N. sanctions against Iraq are lifted by that time.

Indicating broad support among the key members of the Security Council on the issue, Batu said Russia has indicated it won't be a stumbling block and China also recognizes Turkey's right to protect its investment in the pipeline.

Turkey has said lost some 12 billion dlrs in revenues since sanctions were imposed against Iraq in August 1990.

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*Turkey's U.N. Ambassador Says Talks Continue With
Security Council Members On Final Iraq Pipeline Pact

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Turkey/Iraq Pipeline Draining -2: Talks Continuing

NEW YORK (AP-DJ)--Turkey's ambassador to the United Nations, Inal Batu, said Wednesday the key issue of who will monitor distribution of Turkish goods in Iraq is delaying final Security Council approval of a plan to drain 27 million barrels of crude oil from the Turkish-Iraqi pipeline in exchange for goods.

In a telephone interview with AP-Dow Jones, the ambassador said, however, that talks with Security Council members on the issue are continuing.

"I can't tell you how far we are from the end of this process, whether it's a few days, a week or 10 days, sometimes the Security Council gets preoccupied with other matters," he said.

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Turkey/Iraq Pipeline Draining -3: Equal To 150,000 B/D

Batu said however that was hopeful the issue could be resolved and that the "rescue" of the pipeline, idled since U.N. sanctions were put in place in August 1990, could be carried out.

He said that the plan under consideration would allow a total of 27 million barrels of Iraq crude oil to be moved through the pipeline which runs from Iraq's Kirkuk oil fields in the north of the country to the Turkish Mediterranean Sea port of Ceyhan.

This will involve the draining of 12 million barrels of crude which has been sitting in the pipeline, and a further flushing of about 15 million barrels of crude through the line, over a six-month period, he said. This would be equal to about 150,000 b/d.

Turkey will refine the oil and use it domestically, and in exchange, will provide Iraq with emergency goods, such as food and medicine.

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Turkey/Iraq Pipeline Draining -4: Progress In Baghdad

Batu said talks in Baghdad between Iraqi and Turkish officials late last week yielded progress on "two very crucial areas.

"Iraq accepts that 30% of the proceeds will go to the U.N. compensation fund (for Iraqi war victims) and Iraq agrees that all the proceeds will be controlled by a U.N. escrow account," Batu said. "The whole operation will be under the control of the U.N. ... we've overcome two

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At the recent Organization of Petroleum Exporting Countries (OPEC) meeting in Vienna, Iraq's Oil Minister Safa Hadi Jawad said his country rejected any U.N. involvement

in the plan, and made specific reference to the monitoring of the distribution of the goods.

Batu said the process of draining the pipeline and beginning repairs to the line could begin two to three weeks after Security Council approval of the plan. He said a value hasn't been placed on the oil in the pipeline, which will be a key issue in determining how much is paid into the escrow account, but said the idle oil undoubtedly will be "very low quality" and worth "much below the world price."

Concerns have been raised in the oil market that Turkey's deal with Iraq would reduce the amount of oil the country would need to import. Turkey's Anatolia news agency reported Tuesday that in the first quarter 1994 the country's oil imports rose 8.3% from a year ago, to 5.3 million tonnes. That figure would be equal to more than 400,000 b/d.

The agency said Turkey's leading suppliers are Saudi Arabia, Iran and the United Arab Emirates, followed by Libya, Egypt, Syria, Russia and the Ukraine. Anatolia said Turkey plans to increase purchases from Russia to 3 million tonnes annually from the current 2 million tonnes.

(By DAVID BIRD)

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^Iraq Agrees To Pay Compensation, Turkey Says<

ANKARA, Turkey (AP) _ Iraq has agreed to pay proceeds from oil sales to Turkey into a U.N. fund that compensates victims of the 1990 Iraqi invasion of Kuwait, a Turkish official said Sunday.

The rest of the money would be used for food, medicine and other essential supplies in Iraq, Deputy Foreign Minister Ozdem Sanberk told the Anatolia news agency. He returned here Sunday from Baghdad.

Turkey and Iraq have been negotiating over 12 million barrels of Iraqi crude oil lying in a 616-mile pipeline between the two countries. The oil has not moved since a U.N. embargo was imposed on Iraq after the August 1990 invasion.

Turkish officials want to flush the oil because they need revenue and fear it will damage the pipeline. But President Clinton's administration has objected, saying that letting Iraq sell the oil would violate the embargo.

Western countries want Iraq to pay 30 percent of any proceeds to the U.N. Compensation Fund established after the 1991 Gulf War. More than 2.5 million damage claims have been filed against Iraq, from people in 18 countries. Many of them fled Kuwait because of the Iraqi occupation.

"Although Iraq refused to accept it initially, they were later persuaded" to pay the compensation, Sanberk said. He added that technical difficulties must be solved before oil draining can start.

A final agreement should be reached later this month when further talks are held at the United Nations.

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^Turkish Minister Says Progress Made In Pipeline Talks<

NICOSIA, Cyprus (AP) _ A senior Turkish official said Saturday he made progress in talks with Iraq on a plan to flush some 12 million barrels from a pipeline closed since 1990, the official Iraqi News Agency reported.

Deputy Foreign Minister Ozdem Senberk left the country later in the day after three days of discussions, the agency said in a dispatch monitored in Cyprus.

Senberk said ``tangible progress'' had been achieved in the talks, the agency reported. ``Turkey will continue its discussions with Security Council members to settle technical matters concerning this issue soon,'' he was quoted as saying.

He did not elaborate on the nature of the progress made.

The Turkish envoy also was discussing Turkish efforts to get U.N. sanctions on Iraq lifted. The crippling embargo was imposed in August 1990 after Iraq invaded Kuwait.

Flushing the 12 million barrels of oil trapped in the twin 620-mile (990-kilometer) pipeline would provide Iraq with food and medicine, permitted under the sanctions, worth tens of millions of dollars.

But Western officials have stressed it will be a one-shot operation that will not signal an easing of the embargo.

Turkey was a key component of the U.S.-led coalition that ousted Iraq from Kuwait in February 1991. But it claims it has lost dlrs 20 billion since 1990 and now, reeling from a severe economic downturn, it is seeking to reopen trade with its neighbor.

In April, Ankara negotiated a deal with Baghdad under which Turkey would clear out the pipeline, refine the oil and sell it domestically.

It would use the proceeds to provide food and medicine to Iraq, which are allowed under the sanctions. The oil will not be exported.

Some 3.8 million barrels of the oil trapped in the pipeline, running from Iraq's Kirkuk oilfields to the Mediterranean terminal at Ceyhan, is owned by Iraq.

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^Iraq Will Return To Oil Market Soon, Minister Says<

NICOSIA, Cyprus (AP) _ Iraq's oil minister expects his country will return to the oil market soon and says it has the capacity to export two million barrels of oil daily, the Middle East Economic Survey reported Monday.

The authoritative oil industry newsletter quoted Iraqi Oil Minister Safa Jawad al-Haboubi as saying: "We feel that we will soon return to the market and that our presence will continue in the future."

He did not elaborate. But Baghdad is pressing for the lifting of U.N. trade sanctions imposed in August 1990 after Iraq invaded Kuwait, claiming it is complying with U.N. Security Council resolutions to eliminate its weapons of mass destruction.

Haboubi claimed that talks with foreign oil companies on investing in Iraq's oil industry once sanctions end "have reached advanced stages," with some nearing final agreement.

"We have even initialed agreements with some firms," he said, without naming any.

The sanctions include a ban on Iraq's oil sales, the country's main source of revenue before the invasion when it was producing some 3.3 million barrels a day.

There has been speculation that Rolf Ekeus, chairman of the U.N. Special Commission charged with overseeing the destruction of Baghdad's weapons programs, may announce in July the start of a test period for long-term monitoring of Iraqi compliance.

Ekeus has said that this test period would run for at least six months before any final decision on the sanctions was made.

Oil industry experts believe that even if events move in Baghdad's favor, Iraq is unlikely to be selling oil again until next spring at the earliest, and probably not until mid-1995.

MEES quoted Haboubi as saying in an interview during the June 1516 ministerial meeting of the Organization of Petroleum Exporting Countries in Vienna that Iraq will seek an OPEC production quota equal to Iran's.

That is currently 3.6 million barrels a day. A July 1990 OPEC agreement gave Iraq parity with Iran, its foe during the 1980-88 Gulf war.

However, retaining parity at that level could cause major problems among the cartel's 11 other members.

When oil exports from Iraq and occupied Kuwait, around four million barrels a day, were banned in 1990, the other OPEC producers boosted their output to cover the shortfall.

Following last year's oil prices slump, maintaining current production levels is an economic imperative and cutting back to accommodate Iraq's return would have a significant economic impact.

Haboubi said that once sanctions are lifted, Iraq "will try to export in accordance with our capacity and market needs."

"At the start, we will review supply and demand conditions as well as the call on Iraqi crude oil supply and accordingly formulate our export policy on this basis," he said. "We basically want to respect OPEC price policies and our quota."

Haboubi said that Iraq has repaired 90 percent of the damage inflicted on its oil industry during the 1991 Gulf War.

He said current export capacity was two million barrels a day, with export outlets able to handle up to 2.4 million barrels a day.

The pipeline to Turkey's Mediterranean terminal at Ceyhan currently can operate at 1.2 to 1.3 million barrels daily. Its pre-war capacity was 1.8 million.

The offshore Mina al-Bakr terminal in the northern Gulf currently can handle 1.2 million barrels a day, he said.

The nearby Khor al-Amaya terminal is still being repaired, but should be able to handle 600,000 barrels daily in a few months, Haboubi noted.

However, oil industry officials are skeptical and question whether Iraq would be able to sustain a production capacity of 1.5 million barrels a day during the first year after sanctions are lifted.

Much would depend on how quickly Iraq was able to sign production-sharing deals with foreign oil companies to rebuild and expand its oil industry, the experts noted.

Iraq has been holding talks with a score of U.S., European and other oil companies since 1991, hoping the prospect of lucrative contracts could push them to persuade their governments to press for sanctions to be lifted and, in the post-sanctions era, produce badly needed investment to develop new fields.

Iraq sits on reserves estimated at 100 billion barrels, second only to Saudi Arabia.

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^Turkish Minister In Baghdad For Pipeline Talks(

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NICOSIA, Cyprus (AP) - Turkey's deputy foreign minister was in Baghdad Friday meeting senior Iraqi officials on a plan to flush some 12 million barrels from a pipeline closed since 1990, the official Iraqi News Agency reported.

The agency, monitored in Cyprus, said Ozdem Senberk is also discussing Turkish efforts to get U.N. sanctions on Iraq lifted. The crippling embargo was imposed in August 1990 after Iraq invaded Kuwait.

Flushing the 12 million barrels of oil trapped in the twin 620-mile (990-kilometer) pipeline would provide Iraq with food and medicine, permitted under the sanctions, worth tens of millions of dollars.

But Western officials have stressed it will be a one-shot operation that will not signal an easing of the embargo.

Turkey was a key component of the U.S.-led coalition that ousted Iraq from Kuwait in February 1991. But it claims it has lost dlrs 20 billion since 1990 and now, reeling from a severe economic downturn, it is seeking to reopen trade with its neighbor.

The Iraqi news agency said Senberk and his delegation met with Iraqi Foreign Minister Mohammed Saeed Assahaf and his deputy, Riad al-Qaisi, on Thursday. Later the Turkish delegation was received by Iraqi Deputy Prime Minister Tariq Aziz.

The agency said the discussions centered on the pipeline plan and "the role Turkey can play in having the sanctions lifted."

In April, Ankara negotiated a deal with Baghdad under which Turkey would clear out the pipeline, refine the oil and sell it domestically.

It would use the proceeds to provide food and medicine to Iraq, which are allowed under the sanctions. The oil will not be exported.

Some 3.8 million barrels of the oil trapped in the pipeline, running from Iraq's Kirkuk oilfields to the Mediterranean terminal at Ceyhan, is owned by Iraq.

Senberk disclosed earlier this month that Ankara has general U.N. approval for the flushing operation, and hoped a Security Council resolution clearing it will be adopted soon.

But the Americans are insisting that any humanitarian aid that flows into Iraq because of the pipeline flushing should be distributed equally throughout the country, including Kurdish rebels in the north and Shiite Muslims in the south. So far, this problem has not apparently been resolved.

Once the pipeline has been flushed out, Iraq would refill it and then seal it. Turkey wants a second flushing later.

The oil trapped in the pipeline now is worth an estimated dlrs 200 million. Thirty percent of the value of the Iraqi-owned oil would be paid into a U.N. compensation fund set up after the 1991 Gulf War to pay reparations to Kuwait.

The Americans and other Western powers have gone along with the Turkish move, mainly because they do not want to antagonize Turkey, a NATO ally.

The Turks currently permit U.S., British and French warplanes to base on its territory so they can protect Kurdish rebels in northern Iraq.

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Turkish Official To Arrive in Baghdad Thursday For Oil Pipeline Issue<

ANKARA (AP-DJ)--A high level Turkish official left Turkey on Wednesday on his way to Baghdad to discuss the U.N.'s counter proposal to drain crude from a Turkish-Iraqi joint pipeline, a government official said on Tuesday.

Ozdem Sanberk, the deputy foreign minister, will arrive in Baghdad Thursday after a lengthy trip through Jordan, foreign ministry spokesman Ferhat Ataman said.

Sanberk will leave Iraq Saturday after his talks with his Iraqi counterpart Riyad al-Qaisi and Iraqi deputy prime minister Tariq Aziz, Ataman told a weekly news conference.

Turkey and Iraq reached an agreement to drain the oil in the pipeline which ran from the Kirkuk oilfield to a Turkish Mediterranean Sea port of Ceyhan.

The western countries stressed that under the pipeline plan, 30% of the value of the Iraqi oil moved to Turkey would have to be paid to a U.N. compensation fund for victims of the Gulf War.

Baghdad's immediate reaction was not known yet. But, Iraq's oil minister said earlier that it was not necessary for the United Nations to be involved in the pipeline plan. Turkey wants to refill the pipeline twice to keep the line in operating condition.

Some 12 million barrels of oil sit idle in the line since it was shut down four years ago following Iraq's invasion of Kuwait.

Turkey claims title to some 3.8 million barrels of the oil and said it intends to use the remainder of the oil to pay off Iraqi debt to Turkey and said also it will send authorized humanitarian supplies to Turkey.

Turkey says it has no intention to violate the U.N. embargo against Iraq but approaches the U.N. position over the pipeline issue cool. It says the draining job is essential to save the pipeline, a 2.2 billion dlrs investment. The oil will be used for Turkey's domestic consumption.

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Turkey Official To Visit Baghdad On Oil Pipeline Issue

ANKARA (AP-DJ)--A high level Turkish official will carry

to Baghdad later this week the U.N's counter proposal to drain crude from a Turkish-Iraqi joint pipeline, a government official said on Tuesday.

Ozdem Sanberk, the deputy foreign minister, will travel to Baghdad later this week, the government official said.

He

refused to give the exact date.

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Turkey Official -2: Twelve Mln Barrels Of Oil Sit Idle

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OPEC: Iraq/Turkish Pipeline -2: Turkey Doesn't Need Okay

VIENNA (AP-DJ)--Iraqi oil minister Safa Hadi Jawad indicated Wednesday that he doesn't favor United Nations involvement in his country's plan with Turkey to drain crude oil from Iraq.

Speaking to reporters prior to the start of the mid-year ministerial conference of the Organization of Petroleum Exporting Countries (OPEC), the minister wouldn't comment directly on whether Iraq would go along with a plan agreed between Turkey and the U.N. regarding the draining of the pipeline.

But the minister said that Turkey did "not need" the U.N. approval for a bilateral plan to empty the pipeline between Iraq and Turkey.

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OPEC: Iraqi Minister -2: Refuses Turkish Pipeline Comment

VIENNA (AP-DJ)--Iraqi Oil Minister Safa Hadi Jawad Wednesday said that he hoped Iraq would be able to return to the oil market this year.

The Iraqi oil minister was making his comments on his way to the mid-year meeting of ministers from the Organization of Petroleum Exporting Countries (OPEC).

He refused to give any forecasts or any further details about his statement and wouldn't be drawn into talking about the Turkish pipeline.

Iraq has been banned by the United Nations from exporting oil since the end of the Gulf War.

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OPEC: Iraq/Turkish Pipeline -3: Prelim U.N./Turkey Pact

The U.N. and Turkey have reached a preliminary agreement to drain some 12 million barrels of oil from the idled pipeline, with the provision that Turkey not export the oil, but rather use it domestically.

Under the preliminary pact, 30% of the value of the oil would be paid to a U.N. fund to compensate victims of Gulf War.

The Iraqi minister in indicating his disapproval for this plan said he would "not accept" U.N. resolutions 706 and 712 which apply to an oil sale plan with strict U.N. monitoring of the operation to raise funds for humanitarian relief for the Iraqi people.

U.N. Officials have said the plan to drain the Turkey/Iraq pipeline wouldn't contain the strict monitoring elements of the prior resolutions.

So it was unclear whether the Iraqi was rejecting outright these preliminary agreement between Turkey and the U.N. on the pipeline draining.

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OPEC: Iraq/Turkish Pi

peline -4: Favors More Pipe Flushing

Under that preliminary plan, the idle 12 million barrels of crude in the line would be drained and a further 12 million barrels of Iraqi oil would be flushed through the pipeline.

The Iraqi minister Wednesday said he favored three or four flushings of the pipeline, meaning more oil would be moved into Turkey. It remains unclear the precise time frame or duration of any draining operation, even under the preliminary U.N. plan.

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INBOX

ASSOCIATED PRESS MEMORANDUM

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Iraq Briefs Turkey About Rejection Of U.N. Oil Proposal

ANKARA (AP-DJ)--Iraq objected to the requirement for United Nations (U.N.) supervision of the distribution of humanitarian aid from a limited sale of Iraqi oil from a pipeline running through Turkey, Foreign Ministry spokesman Ferhat Ataman said Wednesday.

Iraqi officials briefed a Turkish delegation in Baghdad about Iraq's refusal of the U.N. oil sale proposals earlier this week, the government announced Wednesday.

'But, we reiterated our position that the deal would provide economic relief to the Iraqi population in the northern region,' Ataman added.

Turkey supported the resolution since most of the oil would be pumped through a pipeline to a terminal on the Turkish Mediterranean coast.

Under the U.N. proposals Iraq would use half the money from oil sales to purchase food and medicine for Iraq's long-suffering 18 million people.

The pipeline carrying oil from Kirkuk in northern Iraq to Yumartalik on Turkey's Mediterranean coast has remained idle since August 1990 when U.N. sanctions were imposed against Iraq after its invasion of Kuwait.

Turkey complains that it has lost \$20 billion through the closure of the pipeline and the loss of border trade with Iraq since then.

Turkey has long been lobbying for permission to flush the crude oil from the pipeline.

The United Nations allowed a limited oil sale worth \$4 billion per year.

(END) AP-DOW JONES NEWS 26-04-95

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-IRAK'IN PETROL SATIŞI...

-IRAK'IN SINIRLI PETROL SATIŞINI ÖN ŞARTSIZ
GÖRÜŞMEYE HAZIR OLDUĞU YOLUNDAKİ HABERLERDEN
SONRA, GÖZLER KERKÜK-YUMURTALIK BORU HATTINA
ÇEVİRİLDİ

-BORU HATTININ YAKLAŞIK 5.5 YILDIR KAPALI
OLMASI NEDENİYLE TÜRKİYE'NİN ZARARI 2 MİLYAR
DOLARA YAKLAŞTI

ANKARA (A.A) - Irak'ın sınırlı petrol satışını ön şartsız
görüşmeye hazır olduğu yolundaki haberlerden sonra, gözler
Kerkük-Yumurtalık boru hattına çevrildi.

Irak'ın bu isteğinin doğrulanması ve izin verilmesi durumunda,
Irak petrolünün çıkış noktası olarak, halen kapalı olan
Kerkük-Yumurtalık hattının devreye girmesi ihtimali belirdi.

Yetkililerin ifadesine göre, böyle bir olasılığa karşı
Kerkük-Yumurtalık boru hattı, teknik açıdan haberleşme dahil "en
kısa zamanda" devreye girebilecek şekilde hazır durumda.

-KERKÜK-YUMURTALIK HATTI-

Yıllık 70 milyon ton petrol taşıma kapasitesine sahip
Irak-Türkiye boru hattından, çalıştığı dönemde yıllık 250 milyon
dolar taşımacılık geliri sağlanıyordu. Bu rakam liman hizmetleri gibi
yan gelirlerle birlikte 350 milyon dolara ulaşıyordu.

Yaklaşık 5 yıldır kapalı olan boru hattı nedeniyle, Türkiye'nin
sadece boru hattı taşımacılığından kaynaklanan zararı 2 milyar dolara
yaklaştı.

Birbirine paralel iki hattan oluşan Kerkük-Yumurtalık hattının
içinde ise halen toplam 12 milyon varil hampetrol bulunuyor. Bu
petrolün 7.5 milyon varili Türk kesiminde, 4.5 milyon varili ise Irak
kesiminde bulunuyor.

Boru hattı, 641 km.'si Türkiye, 345 km.'si Irak'ta olmak üzere
toplam 986 km uzunluğunda. Birbirine paralel iki hattan 1. hat 1974,
2. si de 1987 yılında hizmete girdi.

Petrol hattının yanı sıra Yumurtalık'a gelen petrolün
depolanmasına yönelik, toplam 1 milyon 200 bin ton depolama
kapasiteli 12 petrol tankı yer alıyor.

Yumurtalıkta yer alan 2 km uzunluğundaki iskelede ise aynı anda
2'si 150'şer bin dwt'lik, 2'si de 300'er bin dwt'lik olmak üzere,
aynı anda toplam 900 bin dwt'lik 4 tankere yükleme yapma imkanı
bulunuyor.

-NEREDEN NEREYE-

Kerkük-Yumurtalık boru hattı, 1990 yılı Ağustos ayında, Irak'ın
Kuveyt'i işgali ve BM Güvenlik Konseyi'nin ambargo kararı üzerine
kapatılmıştı.

Bu arada BM Güvenlik Konseyi, Körfez Savaşı'ndan sonraki bir
dönemde, 986 sayılı kararla, acil insani ihtiyaçların karşılanması
amacıyla Irak'ın sınırlı petrol satışına izin verdi. Karar, Irak
petrolünün büyük bir bölümünün Kerkük Yumurtalık boru hattından
uluslararası piyasalara ulaştırılmasını öngörüyordu.

Ancak Irak, bu kararı egemenliğine karşı bir tehdit olarak
nitelendirerek reddetmişti.

Ancak bu hafta Irak Haber Ajansı (İHA), Bağdat kaynaklı, Irak'ın,
"BM'nin sınırlı petrol satış izni" veren kararını ön şartsız kabul
ettiği yolunda bir haber verdi. Dünya petrol piyasaları bu haberle
çalkalandı.

Irak üst yönetimi ise olayı yalanladı. Ancak Irak Başbakan
Birinci Yardımcısı Tarık Aziz'in, petrol satışına ilişkin BM Genel
Sekreteri Butros Gali'ye bir mektup gönderdiği ortaya çıktı. Mektubun
içeriği ise açıklanmadı.

Bağdat'tan New York'a ulaşan son bilgiler ise Irak'ın sınırlı
petrol satış izni konusunda daha önceki tavrının değişmediği
yönünde. Ancak bu rağmen Irak'ın sınırlı petrol satış konusunda bazı
değişmeler olması bekleniyor.

Öte yandan BM Güvenlik Konseyi, geçtiğimiz 5 Ocak'ta, Irak'a
uygulanan ambargonun süresinin 2 ay daha uzatılmasını
kararlaştırmıştı.

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^Turkey Hails U.N. Decision Approving Iraqi Oil Sales(

ANKARA, Turkey (AP) _ Turkey on Friday hailed United Nations permission which allowed Iraq to sell limited oil to buy food, medicine and other supplies for its people.

Iraq would be required to export most of the oil through a now-dormant pipeline running from Kirkuk in northern Iraq to Yumurtalik on Turkey's Mediterranean Sea coast. The rest would run through Iraq's Gulf terminal at Mina al-Bakr.

Energy minister Veysel Atasoy said the decision would save the joint Iraqi-Turkish pipeline from decaying.

Kaya Ozel, a spokesman for Botas, Turkey's state-owned pipeline company, said the 800-kilometers (510-mile) twin pipeline was ready to function in the shortest time.

Ozel said a Botas team examined the Iraqi side of the pipeline last year and did the necessary repair work.

To repair its side of the pipeline, the U.N. resolution allows Iraq to obtain bank credit against future oil sales. In this way, the council skirted a U.N.-mandated freeze on Iraqi assets.

Ozel also described the U.N. security council resolution as a "great event for Turkey."

"It will contribute immensely to the Turkish economy at such a period," Ozel added.

Iraq will be allowed to sell up to dlr 2 billion worth of oil over 180 days under U.N. surveillance.

The Turkish economy is going through a tough period, suffering from shortage of resources. The annual inflation runs at 150 percent annually.

The pipeline remained idle since August 1990, when U.N. sanctions were put in place against Iraq after its invasion of Kuwait.

Turkey has been complaining that its financial losses amounted to dlr 20 billion with the closure of the pipeline and the loss of cross border trade with Iraq since then.

Turkey has long been lobbying for a permission to flush crude oil from the line. But, the issue remained deadlock over differences between Iraq and the United Nations.

Iraq did not reject the offer outright, but raised doubts that it would accept the offer, accusing the United States of blocking a "workable" approach.

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^Turkey Forwards Application To UN For Reviving Its Pipeline With Iraq<

DOHA, Qatar (AP) _ Turkey has applied to the United Nations to reopen the Iraqi-Turkish oil pipeline, a Turkish minister was quoted as saying Saturday.

''Turkey is also trying to gain enough support for its diplomatic initiative. But we have to wait for the results,'' said Turkish Minister of Energy Veysel Atasoy, who arrived in the Qatari capital on Friday night.

The oil pipeline which supplied Iraqi oil to his country was closed in 1991 as per the UN sanctions imposed on Iraq following its invasion of Kuwait.

During the visit, the minister is scheduled to sign a memorandum of understanding with Qatar's Minister of Energy and Industry, Abdullah bin Hamad al-Attiah to buy two million tons per year of Qatari liquefied natural gas for 25 years starting later this decade.

''After signing the agreement we hope to import Qatari liquefied natural gas, Atasoy was quoted by the local press as saying.''

''Also, we hope we can export certain goods and services especially contracting services which we will discuss,'' he added.

With the latest prospects, Qatar is expected to be able to market 14.5 million tons per year of its massive natural gas reserves.

Qatar sits on some of the largest deposits of natural deposits in the world. Its giant North Field has an estimated 250 trillion cubic feet of proven gas reserves. The field came on stream in 1991, and the supply is scheduled to start in 1997 with four million tons of liquefied natural gas per year going to Japan's Chubu Electric Power Co.

The other potential buyers of Qatari gas with whom Qatar has signed sales agreements include another group of Japanese utilities, the South Korean Gas Corp. and the Chinese Petroleum Corp.

The American Enron Corp. had also been reported to have signed a letter of intent to buy two million tons of liquefied natural gas per year. The company was likely to use the Qatari gas to produce electricity in India, it was reported.

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^Iraq Rejects New Oil Sale Proposal<

^With Iraq-Americans<

BAGHDAD, Iraq (AP) _ Iraq on Sunday rejected a plan to modify U.N. sanctions to permit oil exports, calling it part of a U.S. plot to maintain the crippling embargo.

The official Iraqi News Agency quoted Deputy Prime Minister Tariq Aziz as saying in a statement: ``This new American project is nothing but a maneuver to deceive international opinion and prolong the embargo.''

The United States, facing growing pressure to ease the sanctions imposed after Iraq invaded Kuwait in August 1990, is backing a plan to permit dlrs 4 billion a year in oil sales.

Under it, Baghdad could spend half the money from the oil sales on food and medicine for Iraq's long-suffering 18 million people. But 30 percent would be earmarked for war reparations to Kuwait and 20 percent for U.N. humanitarian operations with Iraqi Kurds.

The proposal widens an earlier U.N. offer for a one-time sale of oil worth dlrs 1.6 billion. Baghdad rejected that as well, charging that a U.N. condition the world body supervise the sale and distribution of humanitarian aid infringed Iraq's sovereignty.

Aziz said Sunday that the new U.N. proposal would actually reduce the money that Iraq would earn from the oil exports, instead of increasing it.

``The first lie in this new-old U.S. draft resolution is that it appears to increase the amount of money from dlrs 1.6 billion every six months to dlrs 1 billion every three months,' he said.

``In fact, the new amount will eventually be less than the previous amount.''

Aziz said that dlrs 300 million will be siphoned off by the United Nations to compensate Kuwait, another dlrs 200 million will go to U.N. agencies, and another unspecified amount, ``which may be more than dlrs 100 million,' will go to cover the expenses of the U.N. Special Commission overseeing the destruction of Iraq's weapons programs.

``This means that Iraq will actually be left with seven dollars for each Iraqi citizen to provide food and medicine, which is less than one-quarter of the value of the food provided by the ration card furnished by the state now,' Aziz noted.

``It's silly to imagine that this project will lead to the ending of the suffering of the Iraqi people,' he said.

Aziz claimed the draft resolution envisages the permanent separation of the Kurdish-controlled region in the north from the rest of Iraq.

Branding it ``illogical and interventionist,' he added: ``This draft is an exposed attempt to delay the lifting of the siege for a long time after all the basic elements for fully lifting it have become available.''

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^BC-Iraq-Oil Conference(,0671<

^Oil Minister Outlines Iraqi Production Goals, Development Plans<

^AP Photo expected<

^By EILEEN ALT POWELL=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Oil Minister Safa Jawad al-Haboubi said Sunday that Iraq hopes to start signing exploration and production contracts with Western companies within two months.

The minister also acknowledged that foreigners _ both Arabs and Westerners _ are already working in Iraq on oil projects. But he declined to give numbers or nationalities.

Al-Haboubi spoke in a rare interview with Western journalists, including The Associated Press.

It took place as Iraq was concluding a two-day international oil conference, its first since the 1991 Gulf War. About 120 oil experts from more than 20 countries attended.

Iraq, with oil reserves second only to Saudi Arabia, used the conference to emphasize its readiness to return to the oil market once U.N. sanctions are lifted.

The U.N. ban on oil sales, imposed after Iraq's 1990 invasion of Kuwait, has crippled Iraq's economy. Inflation and shortages have put meat, medicine and other necessities out of reach of many families among the 18 million population.

The U.N. Security Council meets Monday for its bimonthly review the sanctions. The United States says it has the necessary votes to continue the embargo, charging that Iraq hasn't fulfilled its commitment to disclose everything about its weapons of mass destruction.

In Sunday's interview, al-Haboubi insisted that Iraq has complied with all U.N. requirements.

He denied the allegation by chief U.N. weapons inspector Rolf Ekeus that Iraq has failed to account for more than 20 tons (18 metric tons) of material related to biological weapons.

Al-Haboubi also warned that American firms stood to miss out on lucrative contracts to explore and develop Iraq's vast oilfields.

Just two American consultants attended the oil conference, while the major French firms Total and Elf Aquitaine and Italy's Agip sent large delegations.

Two American companies were represented by foreign nationals _ Shell by a Cairo-based chemical engineer and Conoco, which last week signed a \$1 billion deal with Iran to develop offshore fields in the southern Gulf, by a Briton.

"Who comes the first, he wins," al-Haboubi said. He added, however, that "Any company that comes is welcome, even American."

All told, some 20 Western oil companies have been negotiating with the Iraqis for development and exploration contracts once the sanctions go.

Some like Total, Elf Aquitaine and Russia's Lukoil consortium are believed to have reached tentative agreements to be signed as soon as the embargo is eased or lifted.

Asked about the contracts, al-Haboubi said: "We have not signed. We're not yet finished. ... We'll sign perhaps after some five to seven weeks."

He said, however, that "there are some companies" already at work in Iraq, but declined to give details. Asked if they were Arab or Western, he said: "It's mixed."

Al-Haboubi told the conference Saturday that Iraqi oil development plans call for investing more than \$25 billion over the next five to eight years to increase production.

Before the Gulf War, Iraq was producing about 3.4 million barrels of oil a day.

Today, the minister said, it is producing just 750,000 barrels, mainly for domestic use. But he said that repairs to oilfields damaged during the war have given Iraq the capacity to produce 2 million barrels daily.

Some 40,000 Iraqis are employed in the industry, he said.

After the development program is completed, he said, production capacity will be 4.5 million barrels a day.

Iraq has 112 billion barrels of proven crude oil reserves, but al-Haboubi said estimates put probable reserves as high as 214 billion barrels. Saudi Arabia has reserves of 265 billion barrels.

Al-Haboubi denied reports from the United States that up to 100,000 barrels are being smuggled illegally via Turkey and Iran.

"I haven't any information, only what I read in the newspapers," he said.

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^Iraq Calls For Lifting Sanctions As Oil Conference Opens<

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^AP Photo available<

^By EILEEN ALT POWELL=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Iraq opened its first international oil conference since the Gulf War on Saturday with an appeal for the lifting of U.N. sanctions that have crippled its economy.

The meeting, which has drawn more than 120 oil industry experts from 23 countries, is designed in part to signal that Iraq is ready to resume its place as a major petroleum producer.

But it also is a forum for the state to express its anger over the U.N. embargo, imposed after Saddam Hussein's 1990 invasion of Kuwait.

The sanctions ban the export of oil, the nation's economic mainstay, and have made it difficult for Iraq to import even necessities. Prices have skyrocketed, putting meat, clothes and medicine out of reach of the average citizen.

"The U.N. Security Council must live up to its responsibilities, especially that Iraq has met its obligations under the U.N. resolutions," Oil Minister Safa Jawad al-Haboubi said at the opening of the two-day conference.

In a remark aimed at the United States and its allies, he added: "Those who still advocate the continuation of the embargo are running out of excuses, and they stand to be seen as abusing the power entrusted to them by the international community."

The U.N. Security Council is scheduled to meet Monday to review the embargo.

Although three permanent members of the council _ France, Russia and China _ have signaled willingness to ease up on the sanctions, the United States and Britain are adamant that they remain in place.

The United States contends that Iraq has not yet complied with human rights provisions nor provided all the required information on its weapons programs.

Iraq hopes the two-day conference here will lead to jump-starting its oil industry after U.N. sanctions are lifted.

Among the participants are representatives of several companies known to be negotiating with Iraq for exploration and development contracts, including Total and Elf Aquitaine of France and Agip of Italy.

Christophe de Margerie, executive vice president of Total, acknowledged in his address to the conference that his company has been "in discussions for many months," constituting "the roots to develop activity" once the sanctions are lifted. He gave no details of the projects under discussion.

All told, some 20 Western oil companies have been negotiating with the Iraqis for development and exploration contracts once the sanctions go.

Some like Total, Elf Aquitaine and Lukoil of Russia are believed to have reached tentative agreements to be signed as soon as the embargo is eased or lifted.

Thomas Stauffer, a Washington, D.C.-based oil industry consultant who is one of two Americans at the conference, told The Associated Press he believed U.S. companies had stayed away because "they are afraid of retaliation from the Clinton administration."

Their absence, Stauffer said, could hurt when Iraq begins to rebuild its industry because "the people here on the ground will have an edge."

Although some of the participants are from oil-producing nations such as Algeria, Venezuela, Malaysia, Russia, Canada and the United Kingdom, the oil-rich Gulf states are noticeably absent except for Oman.

Many of those attending are hesitant to speak with reporters. One Western consultant, who asked not to be named, said they feared they would appear to be violating "the spirit of the sanctions."

Before the 1991 Gulf War, Iraq was producing an estimated 3.4 million barrels a day, and oil exports accounted for some 95 percent of its foreign exchange earnings.

With proven oil reserves of 112 billion barrels, Iraq is second only to Saudi Arabia's 265 billion barrels.

But Al-Haboubi, the oil minister, on Saturday repeated his earlier assertion that Iraq may be even more oil-rich than Saudi Arabia, saying: "Iraq possesses at least 112 billion barrels of proven crude oil reserves and 214 billion barrels of probable and possible crude oil reserves."

He said gas reserves totaled 160 trillion cubic feet.

Al-Haboubi estimated that the country and foreign companies would need to invest dlr 30 billion over the next five to eight years to restore production to prewar levels and advance it.

As a lure to those attending the conference, he revealed that there are 30 newly discovered fields with a production capacity of 4.5 million barrels a day "ready now for development."

Iraq has said it currently is producing a rate of 2 million barrels a day. But industry experts believe the figure to be high because of still-unrepaired war damage and lack of spare parts under the embargo.

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IPE Opening -3: Turkey, Iraq Oil Talks Eyed Warily

Market players also pointed out that August Brent futures was likely to test the lows at 16.93 dlrs/b to find support.

On the NYMEX Wednesday, July gasoline futures fell 1.40 cents a gallon (cents/g) to finish at 52.55 cents/g.

The energy markets are also keenly aware of a possible deal between Iraq and Turkey for the release of some 27 million barrels of Iraqi crude oil.

Late Wednesday night, Turkey's ambassador to the United Nations, said only the key issue of who will monitor distribution of Turkish goods in Iraq is delaying final Security Council approval.

This will involve the draining of 12 million barrels of crude which has been sitting in the pipeline, and a further flushing of about 15 million barrels of crude through the line, over a six-month period, he said. This would be equal to about 150,000 barrels a day (b/d).

Turkey will refine the oil and use it domestically, and in exchange, will provide Iraq with emergency goods, such as food and medicine.

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Turkey/Iraq Pipeline Draining -2: Talks Continuing

NEW YORK (AP-DJ)--Turkey's ambassador to the United Nations, Inal Batu, said Wednesday the key issue of who will monitor distribution of Turkish goods in Iraq is delaying final Security Council approval of a plan to drain 27 million barrels of crude oil from the Turkish-Iraqi pipeline in exchange for goods.

In a telephone interview with AP-Dow Jones, the ambassador said, however, that talks with Security Council

members on the issue are continuing.

"I can't tell you how far we are from the end of this process, whether it's a few days, a week or 10 days, sometimes the Security Council gets preoccupied with other matters," he said.

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Continue Negotiations On Pipeline Issue

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ANKARA (AP-DJ)--Turkey and Iraq agreed to continue negotiations on temporarily reopening a joint oil pipeline, which was closed under a U.N. embargo, Turkey's Foreign Ministry said in statement on Saturday.

The Foreign Ministry said the pipeline issue was 'discussed in depth' during talks here with Iraq's foreign minister Mohammed Saeed al-Sahhaf, who is on the highest-level visit from Baghdad since the Gulf War.

Al-Sahhaf said Friday that new proposals concerning the distribution of humanitarian supplies, which Turkey would deliver to Iraq in exchange for the oil, were put forward during his talks. He gave no further details.

The distribution problem has been the main obstacle in getting U.N. approval for the project. Iraq rejects U.N. demands for an international monitoring of the distribution on the grounds that it would be violation of its sovereignty.

The 11.8 million barrels of crude has been idle inside the Iraqi-Turkish pipeline. Under the proposal, a total of 27 million barrels of oil would be flushed through the pipeline to Turkey within a period of six months.

None of the oil would be sold but would be used in Turkey's domestic refining network. A portion of the funds generated through the plan would go to a U.N. war reparations fund.

The Turkish Foreign Ministry statement said Turkey appreciated Iraq's efforts to fulfil its obligations under U.N. Security Council resolutions and wished Iraq to continue these efforts.

The statement added that the situation in Kurdish-controlled northern Iraq was also brought up in talks with al-Sahhaf. Turkey expressed its support for a peaceful solution to the issue with the active participation of all sectors of the Iraq's population and within the territorial integrity of Iraq, the statement said.

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Turkish Iraqi Oil Pipeline Repair Job Underway

ANKARA, Turkey (AP-DJ)--Turkey and Iraq have been repairing a joint oil pipeline for the past month, in preparation for a possible flushing of crude oil through the line, when Iraq and the United Nations resolve their differences over the issue.

Hayrettin Uzun, the chairman of the Turkish state oil pipeline company, Botas, told AP-Dow Jones Tuesday that the Turkish technicians have almost completely repaired the Turkish part of the pipeline.

Uzun said it would not be possible to do the repair work once the weather conditions deteriorated after summer. "So, we are doing it anyway to save time," he added.

Uzun said the Iraqis were also doing their part of the repair job after a Turkish delegation's four-day field trip in Iraq early September.

"If we get the go ahead from the United Nations today, we are ready to start the flushing in one month," Uzun said.

Under a Turkish-Iraqi plan, which is subject to U.N. Security Council approval, the two countries would drain 11.8 million barrels of crude, which has sat idle in the pipeline since August 1990, when U.N. sanctions were put in place against Iraq after its invasion of Kuwait.

The line would be flushed with fresh oil, for a total of 27 million barrels moving through the line over a six-month period.

None of the oil would be sold, but would be used in Turkey's domestic refining network. In exchange for the oil, Turkey would send humanitarian goods to Iraq. A portion of the funds generated through the plan would go to a U.N. fund to pay war reparations.

But the U.N. has insisted that the distribution of the goods within Iraq be done systematically and be monitored, so that the Kurdish minority in the northern part of the country gets its share.

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Turkey And Iraq Make Progress At Pipeline Talks

ANKARA (AP-DJ)--Turkey and Iraq made progress at talks held here over the last week on draining oil from a joint oil pipeline, the Anatolia news agency reported Monday.

Anatolia said that the two countries drew up a list of the humanitarian supplies Turkey would deliver to Iraq in return for Iraqi oil.

The Iraqi delegation headed by Ali Al-Anbari left Turkey Sunday, the dispatch said.

The two countries plan to resume talks again in Turkey in the near future, it added.

Turkey says the operation is necessary because the pipeline, which has remained idle since the United Nations imposed an embargo on Iraq after its invasion of Kuwait four years ago, faces the danger of decaying from disuse.

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Turkey And Iraq Make Progress At Pipeline Talks

ANKARA (AP-DJ)--Turkey and Iraq made progress at talks held here over the last week on draining oil from a joint oil pipeline, the Anatolia news agency reported Monday.

Anatolia said that the two countries drew up a list of the humanitarian supplies Turkey would deliver to Iraq in return for Iraqi oil.

The Iraqi delegation headed by Ali Al-Anbari left Turkey Sunday, the dispatch said.

The two countries plan to resume talks again in Turkey in the near future, it added.

Turkey says the operation is necessary because the pipeline, which has remained idle since the United Nations imposed an embargo on Iraq after its invasion of Kuwait four years ago, faces the danger of decaying from disuse.

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Turkey's Side Of Iraq Pipeline To Be Repaired In 2 Weeks

ANKARA (AP-DJ)--The repairs on the Turkish side of a joint Turkish-Iraqi oil pipeline will be completed in less than two weeks, it was announced here Friday.

The pipeline, which has remained idle since the United Nations imposed an embargo on Iraq after its invasion of Kuwait four years ago, faces the danger of decaying.

Turkey and Iraq recently agreed to drain oil from the pipeline. However, the U.N. Security Council has not yet drafted a resolution to allow the draining.

Hayrettin Uzun, the president of Turkey's state-run pipeline company Botas told the semiofficial Anatolia news agency that Turkey was also ready to repair the Iraqi side of the pipeline as soon as the Security Council gives its approval to the draining. The draining can begin a month after the council approval, he added.

An Iraqi delegation, headed by Baghdad's UNESCO representative Ali Al-Anbari, is having talks with Turkish officials led by the foreign ministry undersecretary, Ozdem Sanberk on the pipeline issue.

The talks focus on technical details of the project, Anatolia said. It did not elaborate.

The plan calls 11.8 million barrels of idle crude to be drained from the pipeline and for the line to be flushed with more oil, resulting in a total of 27 million barrels of crude moving through the line over a six-month period. None of the oil is to be sold on the international market, but will be used internally by Turkey.

The talks in Ankara come at a time when Turkey is seeking to improve its economic ties with Iraq without flouting the embargo. A delegation of leading Turkish businessmen signed a trade protocol with Iraqi officials in Baghdad on Tuesday. Turkey also recently allowed trucks to bring back up to two tons of oil from Iraq.

Turkey estimates its financial loss due to the embargo at about 20 billion U.S. dlrs.

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^Iraqi Delegation Expected In Ankara For Pipeline Talks<

ANKARA, Turkey (AP) _ An Iraqi delegation will arrive in Ankara Wednesday to discuss a plan to drain oil from the idled Iraq-Turkey pipeline, the Anatolia news agency reported.

Among the Turkish officials in the talks will be oil and treasury officials and the foreign ministry undersecretary.

Twenty-seven million barrels of oil have been in the pipeline since the United Nations imposed an embargo on Iraq after its invasion of Kuwait four years ago.

Turkey says the pipeline must be flushed out to save it from decaying.

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Turkey Allows Trucks To Bring Back Excess Oil From Iraq

ANKARA (AP-DJ)--Turkey allowed trucks to bring back excess oil from Iraq, a Turkish newspaper reported Wednesday.

The Istanbul daily Cumhuriyet said the government recently ordered officials at the border provinces to allow in up to two tons of oil per truck.

Under the terms of the embargo, the trucks are allowed to carry deliveries such as food and medicine into Iraq.

Cross-border traffic across the Habur border gate had come to an almost halt two years ago due to intense Kurdish guerrilla activity in the region. However, Turkey is now set for resuming cross-border trade after recently intensifying its crackdown on the rebels and making progress in establishing security.

Turkey estimates its financial loss due to the embargo at about 20 billion U.S. dlrs.

Turkey and Iraq recently agreed to drain oil from the idled Iraq-Turkey pipeline. However, the U.N. Security Council has not yet drafted a resolution to allow the draining.

Turkey says the flushing is necessary to save the pipeline from decaying. The draining plan calls for the 11.8 million barrels of oil in the line to be drained and for another 27 million barrels of oil to be then flushed through the line. None of the oil is to be sold on the international market, but will be used internally by Turkey.

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Turkish Official Declines To Give Date On Pipeline Issue

ANKARA (AP-DJ)-- A high level Turkish official declined to give any dates Friday regarding when the issue of draining oil from the idled Iraq-Turkey pipeline might finally be settled.

Turkey's Deputy Foreign Minister Ozdem Sanberk told reporters here that even though Iraq, Turkey and most members of the U.N. Security Council shared a large degree of consensus on the issue, it was impossible to say when a council resolution might be at hand.

Sanberk was speaking after having a second days of talks with Iraq's visiting Deputy Foreign Minister Riyad El Kaysi.

Sanberk added that El Kaysi, who is scheduled to depart Turkey Friday night, might visit Turkey once again in the near future, but no Turkish official was at the moment scheduled to visit Baghdad.

Sanberk told the Anatolia news agency Thursday that the question of the distribution of humanitarian aid in Iraq in return for oil sales to Turkey was tackled in talks with El Kaysi.

He said the distribution of the aid will be carried out by different mechanisms in northern Iraq and the rest of Iraq. He refused to give details.

The Anatolia news agency reported Thursday that the problem was tackled by a formula in which the Turkish Red Crescent would assume the responsibility of distribution in Kurdish-populated northern regions, while Baghdad would carry out the distribution in other parts of the country.

However, the dispatch said Iraq did not want this formula to be a model for future cases.

The draining plan calls for the 11.8 million barrels of oil in the line to be drained and for another 27 million barrels of oil to be then flushed through the line.

Turkey says the flushing is necessary to save the pipeline from decaying. The pipeline has remained idle since the U.N. imposed an embargo on Iraqi oil exports after the Persian Gulf War in 1991.

Negotiations are expected to take place in New York later this week or next week at the U.N. between the United States, France, the United Kingdom, and Russia in an effort to draft the U.N. Security Council resolution on the issue.

None of the oil is to be sold on the international market, but will be used internally by Turkey.

Turkey estimates its financial loss resulting from the closure of the pipeline and the restrictions on cross-border trade with Iraq at about 20 billion U.S. dlrs.

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Turks/Iraqis Report Progress In Oil Pipeline Talks

ANKARA (AP-DJ)-- High level Turkish and Iraqi government officials reported progress at the talks held in Ankara, Turkey, Thursday on the issue of draining oil from the idled Iraq-Turkey pipeline.

Turkey's Deputy Foreign Minister Ozdem Sanberk told the semi-official Anatolia news agency that the two countries were in agreement on all aspects of the issue.

He said the question of the distribution of humanitarian aid in return for its oil sales to Turkey was tackled.

Iraq's visiting Deputy Foreign Minister Riyad El Kaysi also expressed "optimism regarding the major progress" achieved at the talks on the pipeline issue.

Sanberk told the Anatolia news agency that, after two and a half hours of talks with El Kaysi, the two countries began work on the letter of application to be made to the U.N. Security Council for the draining, as well as on the draft council resolution.

Sanberk said the distribution of the aid will be carried out by different mechanisms in northern Iraq and the rest of Iraq. He refused to give details.

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Negotiations are also expected to take place in New York later this week or next week at the U.N. between the United States, France, the United Kingdom, and Russia in an effort to draft the U.N. Security Council resolution on the issue.

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military casualties, the officials said. Troops of the NATO-
[Istanbul]

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Sources: Iraq Discusses Security of Pipeline with Kurds

Eds: UPDATES in grafs 6-7 with Kurds denying meeting took place

CAIRO, Egypt (AP) - Iraq wants Kurdish rebels to protect an Iraqi oil pipeline if the United Nations agrees to allow oil exports to pay for humanitarian aid, Kurdish sources said Tuesday.

Iraq and the United Nations are trying to agree on a plan to sell dlrs 2 billion in oil every six months. Iraqi Oil Minister Amer Mohammed Rashid, who reportedly met a Kurdish leader on Sunday, said Iraq may reach a decision on the U.N. plan next week.

Under the proposal, much of the oil would go through a 1,000-kilometer (620-mile) pipeline, which runs through Turkey and Kurdish-controlled territories in northern Iraq.

The minister was visiting Turkey in connection with the possible reopening of the pipeline, which has been closed under U.N. sanctions since the 1990 Iraqi invasion of Kuwait.

But in a surprising development, Rashid met Masoud Barzani, one of the two main Kurdish leaders, before arriving in Turkey, the sources told The Associated Press. They said the two officials met Sunday night in Salah al-Din, a mountainous town in northern Iraq under the control of Barzani's guerrillas.

Safeen Dizayhe, a representative of Barzani's group in Ankara called the report "baseless."

"The Iraqi minister neither met with Barzani nor any other party official while crossing the region under our control," he told the semi-official Anatolia Agency.

But if true, it would mark the first such high-level meeting since Kurds established a de facto government following the 1991 Gulf War.

The sources said the two agreed that further talks are needed to reach an agreement under which Kurds would protect the pipeline.

While Barzani offered to protect the segment of the pipeline in areas under his control, the sources said, a problem arose on possible attacks by other Kurds fighting Turkey.

The Workers Party of Kurdistan, the largest Kurdish guerrilla group in Turkey, has fought the Turkish government since 1984.

Oil sold under the U.N. plan would go to buy food and humanitarian goods for Iraqis, pay war reparations to Kuwait, and fund U.N. monitoring operations in Iraq. About dlrs 150 million would go as aid to the Kurds in northern Iraq.

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^AP Photo ANK 101<

^Turkey and Iraq Decide Pipeline Ready For Oil Sales<

ANKARA, Turkey (AP) — A joint Turkish-Iraqi pipeline closed since Iraq invaded Kuwait nearly six years ago is technically ready if Iraq resumes oil sales under a U.N. plan, authorities said Tuesday.

Iraqi oil minister Amir Mohammed Rasheed said "the pipeline is already ready for operations."

"Once the Iraqi side starts flushing, we will open the pipeline at this end. There are no technical problems," the Turkish energy minister Sinasi Altiner said.

Rasheed visited the Turkish oil terminal at the Mediterranean town of Yumurtalik upon his arrival Monday.

"The terminal is in a very good state. Turkey has done a good job on the terminal, the pipeline and the pumping stations," Rasheed told reporters here.

Under the U.N. plan, Iraq would be allowed to sell dlr 1 billion worth of oil every 90 days for an initial 180-day period.

A portion of the funds generated through the plan would go to a U.N. fund to pay war reparations to Kuwait.

"We are hopeful that the problems will be resolved in the second round of U.N. talks on March 11," Rasheed said.

Rasheed claimed there were no security problems in northern Iraq. The 986 kilometer-long (592-mile) pipeline runs from Kirkuk through northern Iraq, where Iraqi Kurds have established a defacto state under the protection of a U.S.-led allied air force based in Turkey.

"The Iraqi government guarantees the pipeline up to the border," Rasheed said.

Iraqi Kurds support the oil sales deal because they will also take their share from it, amounting to some dlr 150 million.

Rasheed became the first high-level Iraqi official traveling to Turkey via northern Iraq. "It's normal. The boundaries of Iraq are well-known," he said.

Under the U.N. sanctions, air travel between Baghdad and Ankara is banned.

Turkey estimates its loss from the closure of the pipeline at dlr 2.5 billion.

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military casualties, the officials said. Troops of the NATO-
[Damascus]
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Oil Retreats As Iraqi Newspaper Reports Acceptance of Oil Sale
Plan

By CLIFF EDWARDS

AP Business Writer

NEW YORK (AP) -- Crude oil futures fell sharply Monday on the New York Mercantile Exchange, dragging related products lower, after a newspaper run by Iraqi leader Saddam Hussein's son indicated acceptance of a U.N. oil-for-aid plan.

Corn, soybeans and precious metals futures also ended sharply lower, dragging the Commodity Research Bureau's index of commodities lower for a second straight session. The index fell 0.85 point to 243.61.

The newspaper Babel run by Saddam Hussein's son, Uday, reportedly referred to "acceptance" of a plan to sell 2 billion in oil every six months in exchange for humanitarian aid. Some Iraqi officials denied the report, but oil futures fell as much as 66 cents, below 19 a barrel.

The losses were compounded after a spokeswoman for U.N. Secretary General Boutros Boutros-Ghali said the U.N. is "very pleased" with the pace of talks. And Iraq's oil minister, Amir Mohammed Rasheed, said his country may reach an agreement during talks next week.

The minister was visiting Turkey in connection with the possible reopening of an oil pipeline that has been closed under U.N. sanctions since the 1990 Iraqi invasion of Kuwait. He further stunned the market by saying the pipeline could be ready to ship in a few days' time, said John Saucer, energy market analyst at Smith Barney Inc. in Houston.

If an agreement is approved, 700,000 barrels a day of oil would reach world markets, said Peter Cardillo, director of research at Westfalia Investments Inc. in New York.

"Supplies are tight right now, but if you bring 700,000 barrels a day to the market, that's going to change overnight," Cardillo said.

Losses were trimmed late after reports quoting an aide to the French defense minister indicated Iraq is not ready to accept conditions of the plan.

Crude oil for April delivery settled 24 cents lower at 19.20 a barrel; April gasoline sank 1.02 cents to 58.73 cents a gallon; while April heating oil fell 1.27 cents to 52.15 cents a gallon.

Corn and soybeans futures prices retreated on the Chicago Board of Trade after two major chicken processors, Tyson Foods Inc. and Hudson Foods Inc., announced plans to cut back on poultry production following Russia's ban on U.S. imports.

Tyson, the nation's largest poultry processor, announced on Friday it would cut production by 7 percent because of the Russian ban and because feed costs have risen to the highest level in 15 years. Hudson, the nation's seventh-largest producer, followed on Monday.

That would significantly cut demand for corn and soybean meal feed and lead to plummeting prices, said broker Jason Roose at U.S. Commodities Inc. in West Des Moines, Iowa.

"You're talking a cut of anywhere from 20 million to 40 million bushels of grain a year," Roose said. "We've been seeing some export demand slack off, and people had been counting on continued strong domestic demand."

Corn's slide came despite good exports. The Agriculture Department reported 48.865 million bushels were exported last week. Another 400,000 tons were purchased on Monday, the USDA said.

Soybeans for May delivery fell 8 1/4 cents to 17.30 a bushel; May corn fell 3 3/4 cents to 3.83 a bushel.

Gold futures led precious metals lower on the Comex division of the New York Mercantile Exchange in a speculative sell-off that came after the market failed to rally above 400 an ounce and amid concern inflation is in check, said PaineWebber senior metals analyst Bernard Savaiko.

Gold had been trading in a tight range for several weeks as investors awaited signs demand would pick up or that more people would turn to it as a hedge against inflation. Neither has occurred.

April gold fell 5 to 395.20 a troy ounce; May silver fell 12.3 cents to 5.417 a troy ounce.

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•Turkey Sees 90-Day Job In Clearing Iraq Oil Pipeline

•to-nrg

ISTANBUL (Dow Jones)--Operators of the Turkish section of the Iraq-Turkey pipeline said Monday that work to make the pipeline operational would be completed in about 90 days from the time Iraq agrees to the U.N. oil sale plan.

The company, Botas, said in a statement issued here that the Turkish side of the pipeline and all its communication-automation systems and loading and reloading terminals are ready.

In a statement, acting general manager Isik Eyuboglu said the operation is based on the idea of "moving" 12 million barrels of oil that has been sitting in the pipeline since sanctions were imposed in August 1990, after Iraq's invasion of Kuwait.

Of the total, 7.5 million barrels are on the Turkish side and 4.5 million on the Iraqi side. This would be drained from the pipeline by pumping fresh oil from Kirkuk in northern Iraq.

"The pipeline needs to be filled an least twice with a total of 24 million barrels or maximum three times with 36 million barrels of oil. Complete drainage of the pipeline is never being considered. If the decision is taken today, the operation would start maximum in a month and would be completed in 80 to 90 days" the statement said.

The statement said Botas has been periodically conducting maintenance on the pumping stations and loading terminals and the company is technically ready once pumping starts from Kirkuk.

"Warm relations has been maintained with the respected oil company in Iraq (Kirkuk), the NOC. Primarily, both sides have declared eagerness for the abovementioned salvage operation and (agreed) that the pipeline would be ready for pumping. Pipeline's sections both in Iraq and in Turkey have been readied for the planned operation."

The statement said since the closure of the pipeline, Botas had a revenue loss of \$1 million a day, totalling \$2.5 billion.

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•Turkey/Clearing/Iraq Pipeline -2: Iraq's Rasheed
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The Botas statement was released as Iraq's Oil Minister Amer Mohammed Rasheed arrived in Turkey for two days of talks regarding the oil pipeline, which is the primary export route under the U.N. plan.

As reported, Rasheed said Iraq may reach a decision on a U.N. plan for it to sell oil in exchange for humanitarian aid during talks next week at the U.N.

"We are thinking very positively this time. Negotiations are seriously underway. We hope to come to a final decision in the next talks with the U.N. on March 11," he told reporters in the southern Turkish town of Ceyhan, where the pipeline terminates.

Rasheed visited the Turkish oil terminal at the Mediterranean town of Yumurtalik, near Ceyhan, after crossing the border at Habur Monday.

"We are here for the reopening of the pipeline," Rasheed said.

Rasheed will hold talks with Turkish energy ministry officials in Ankara on Tuesday. He will be here until Friday.

A Turkish official, speaking on condition of anonymity, said the most important issue was to make the pipeline functional at the shortest time.

As reported, diplomatic sources said last Wednesday that Iraq and Turkey were expected to sign a protocol on the pipeline's operations this week. This would be an important technical step toward Iraq's acceptance of the oil-sale plan.

Rasheed said the Iraqi part of the pipeline could be ready to function "in a few days."

The pipeline actually consists of two pipelines with a total capacity of 1.6 million barrels a day.

Under the U.N. plan, Iraq would be allowed to sell \$1 billion worth of oil every 90 days for an initial 180-day period, once it agrees to the oil sale plan.

Based on current oil prices, Iraq would need to sell about 760,000 b/d of oil to reach the \$1 billion level, but if prices fall, the volume of oil would need to increase.

The U.N. plan, outlined in Resolution 986, states that "the larger share" would go through the Iraq-Turkey pipeline to Yumurtalik and the remainder from Iraq's port at Mina al-Bakr.

Funds generated from the sale would go toward the purchase of food and humanitarian aid, as well as to pay war reparations to Kuwait and to pay the cost of U.N. monitoring operations in Iraq.

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•Turkey/Clearing/Iraq Pipeline -3: Issues Need Settling
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Diplomatic sources said after the first round of talks which ended two weeks ago that progress had been made, but hurdles remained to be solved. Diplomats said a major factor of the talks appears to be Iraq's apparent desire to reach agreement, after earlier rejecting the plan as an infringement on its sovereignty.

Diplomatic sources had said Iraq was pursuing a plan in which exports would begin from the Iraqi port while the Turkish pipeline was being cleaned out. The current status of this plan is unclear, sources said.

• -Selim Atalay in Istanbul and David Bird in New York
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if any questions (90 532 242 1412)

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BOTAS STATEMENT

Turkey's oil pipeline company Botas said it had planned a rescue operation for the Kirkuk-Yumurtalik pipeline that would start at most in one month after the decision date, and would last 80 to 90 days.

Botas said, the Turkish side of the pipeline and all its communication-automation systems and loading and reloading terminals are ready.

In a statement, acting general manager Isik Eyuboglu said the operation is based on the idea of "moving" 12 million barrels of oil that has been sitting in the pipeline (7,5 million barrels on the Turkish side and 4,5 million on the Iraqi side) by pumping fresh oil from Kirkuk.

"The pipeline needs to be filled an least twice with a total of 24 million barrels or maximum three times with 36 million barrels of oil. Complete drainage of the pipeline is never being considered. If the decision is taken today, the operation would start maximum in a month and would be completed in 80 to 90 days" the statement said.

The statement says Botas has been periodically conducting maintenance job on the pumping stations and loading terminals and the company is technically ready once pumping starts from Kirkuk.

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The statement said since the U.N. embargo closure of the pipeline, Botas had a revenue loss of \$1 million a day, totalling \$2,5 billion.

"Our wish is the total end of the embargo and the continuous operation of the pipeline" the statement said.

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^Iraqi Oil Minister Arrives in Turkey<

^Eds: UPDATES with Iraqi minister saying Iraqi part of pipeline could be ready in a few days.

■ ANKARA, Turkey (AP) -- Iraq may reach a decision on a U.N. plan for it to sell oil in exchange for humanitarian aid during talks next week, the Iraqi oil minister said Monday.

"We are thinking very positively this time. Negotiations are seriously underway. We hope to come to a final decision in the next talks with the U.N. on March 11," Amir Mohammed Rasheed told reporters in the southern Turkish town of Ceyhan.

Rasheed visited the Turkish oil terminal at the Mediterranean town of Yumurtalik, near Ceyhan, after crossing the border at Habur Monday.

The visit is in connection with the possible reopening of an oil pipeline that has been closed under U.N. sanctions since the 1990 Iraqi invasion of Kuwait. Iraq has rejected previous U.N. attempts to allow Iraq to make limited oil sales.

"We are here for the reopening of the pipeline," Rasheed said.

It apparently was the first time an Iraqi official traveled across northern Iraq since the end of the Gulf War.

Iraqi Kurds have established a de facto state in the northern part of the country under the protection of a U.S.-led allied air force based in Turkey.

Under the U.N. sanctions, air travel between Baghdad and Ankara is banned.

Rasheed will hold talks with Turkish energy ministry officials in Ankara on Tuesday. He will be here until Friday.

A Turkish official, speaking on condition of anonymity, said the most important issue was to make the pipeline functional at the shortest time.

The state-run pipeline company Botas said in a statement that the Turkish part of the pipeline could be operational in a month once the United Nations and Iraq came to terms.

Rasheed said the Iraqi part of the pipeline could be ready to function "in a few days."

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^Iraqi Oil Minister Arrives in Turkey<

^Eds: UPDATES with quotes from Iraqi minister<

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"We are thinking very positively this time. Negotiations are seriously underway. We hope to come to a final decision in the next talks with the U.N. on March 11," Amir Mohammed Rasheed told reporters in the southern Turkish town of Ceyhan.

Rasheed visited the Turkish oil terminal at the Mediterranean town of Yumurtalik, near Ceyhan, after crossing the border at Habur Monday.

The visit is in connection with the possible reopening of an oil pipeline that has been closed under U.N. sanctions since the 1990 Iraqi invasion of Kuwait. Iraq has rejected previous U.N. attempts to allow Iraq to make limited oil sales.

"We are here for the reopening of the pipeline," Rasheed said.

It apparently was the first time an Iraqi official traveled across northern Iraq since the end of the Gulf War.

Iraqi Kurds have established a de facto state in the northern part of the country under the protection of a U.S.-led allied air force based in Turkey.

Under the U.N. sanctions, air travel between Baghdad and Ankara is banned.

Rasheed will hold talks with Turkish energy ministry officials in Ankara on Tuesday. He will be here until Friday.

A Turkish official, speaking on condition of anonymity, said the most important issue was to make the pipeline functional at the shortest time.

The state-run pipeline company Botas said in a statement that the Turkish part of the pipeline could be operational in a month once the United Nations and Iraq came to terms. It was not immediately clear how much work is needed on the Iraqi half of the pipeline.

Botas said the oil flushing could be completed in 80-90 days.

Rasheed claimed there was no security problem in northern Iraq. The pipeline runs from Kirkuk through northern Iraq to Yumurtalik.

"We support the U.N. plan for oil sales. Iraqi Kurds will also benefit from it," said Fasil Merweyi, a spokesman for the Kurdistan Democratic Party, an Iraqi Kurdish opposition group.

The share of the Iraqi Kurds was expected to be worth some \$150 million.

The Turkish official said another issue was in regard to Iraq's \$50 million debt to Turkey from the past royalty fees.

Botas estimates its loss from the closure of the pipeline at \$2.5 billion.

Under the U.N. plan, the oil would be used in Turkey's domestic refining network. In exchange for oil, Turkey would send humanitarian goods to Iraq.

A portion of the funds generated through the plan would also go to a U.N. fund to pay war reparations.

(za/djw)

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colleagues: pls note your stories on iraq oil minister's visit are misstating the terms of UN Resolution 986, regarding Iraq and Turkey.

There is nono mention in 986 that any oil "would be used in Turkey's domestic refining network. In exchange for oil, Turkey would send humanitarian goods to Iraq."

These terms refer to a previous bilateral attempt for Iraq and Turkey to act on flushing out the pipeline.

These are the basic points of 986:

Iraq would be allowed to sell \$1 billion worth of oil every 90 days for an initial 180-day period, once it agrees to the oil sale plan.

Based on current oil prices, Iraq would need to sell about 760,000 barrels a day of oil to reach the \$1 billion level, but if prices fall, the volume of oil would need to increase.

Resolution 986 states that "the larger share" would go through the Iraq-Turkey pipeline to Yumurtalik and the remainder from Iraq's port at Mina al-Bakr.

Funds generated from the sale would go toward the purchase of food and humanitarian aid (no requirement on where this would be bought), as well as to pay war reparations to Kuwait and to pay the cost of U.N. monitoring operations in Iraq.

It requires that the goods purchased be distributed to all segments of the Iraqi population and specifically states: "in view of exceptional circumstances" a sum of 130 million dlrs to 150 million dlrs every 90 days goes to the UN Inter-Agency Humanitarian Program operating in "the sovereign territory of Iraq in the three northern governorates of Dihouk, Arbil and Suleimaniyeh" i.e. the Kurdish areas.

pls ack this msg.

Thanks & regards, bird (apdow) NYNRG

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^BC-Turkey-Iraq<

^Iraqi Oil Minister Arrives In Turkey<

ANKARA, Turkey (AP) -- Iraqi's oil minister crossed into Turkey Monday to inspect a Mediterranean oil terminal in connection with the possible reopening of an oil pipeline that has been closed since the 1990 Iraqi invasion of Kuwait.

Amir Mohammed Rasheed headed to the Turkish oil terminal in the Mediterranean coastal town of Yumurtalik after crossing the border at Habur, the first time an Iraqi traveled across northern Iraq since the end of the Gulf War.

Iraqi Kurds have established a de facto state in the northern part of the country under the protection of a U.S.-led allied air force based in Turkey.

An Iraqi Kurdish official, who spoke on condition of anonymity, said Rasheed crossed northern Iraq upon Ankara's request as the Turkish government, eager for sales of Iraqi oil to begin, wanted to make the minister's trip easier.

Under the U.N. sanctions, air travel between Baghdad and Ankara is banned.

A pipeline running from Kirkuk in northern Iraq to the Yumurtalik terminal was shut down in August 1990, when the United Nations imposed sanctions on Iraq following its invasion of Kuwait.

The Turkish government said the pipeline was technically ready for reopening.

Some 11.8 million barrels of crude worth up to dlrs 180 million has been idle inside the pipeline since its closure.

Turkey complains that it has lost billions of dollars through the closure of the pipeline.

Previous U.N. attempts to allow Iraq to make limited oil sales failed. But agreement appears closer now.

Under the U.N. plan, the oil would be used in Turkey's domestic refining network. In exchange for oil, Turkey would send humanitarian goods to Iraq.

"We support the U.N. plan for oil sales. Iraqi Kurds will also benefit from it," said Fail Nerweyi, a spokesman for the Kurdistan Democratic Party, an Iraqi Kurdish opposition group.

The share of the Iraqi Kurds was expected to be worth some dlrs 150 million.

A portion of the funds generated through the plan would also go to a U.N. fund to pay war reparations.

(za)

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^Iraqi Oil Minister First to Examine Turkish Oil Terminal<

ANKARA, Turkey (AP) — The Iraqi oil minister will examine a Mediterranean oil terminal Monday when he arrives for talks to re-open an Iraqi-Turkish oil pipeline, the Anatolia news agency said.

The pipeline must be re-opened before the United Nations will allow Iraq to resume oil exports for humanitarian goods. The oil exports have been halted under U.N. sanctions imposed for Iraq's invasion of Kuwait.

The pipeline, which runs from Kirkuk in northern Iraq to the Yumurtalik terminal, was shut down in August 1990 under the sanctions.

Amir Mohammed Rasheed, the Iraqi oil minister, will meet Turkey's energy minister and officials of the Turkish state-run pipeline company in Ankara on Tuesday after visiting Yumurtalik.

Some 11.8 million barrels of Iraqi crude worth up to dlr 180 million has been idle inside the pipeline since its closure.

In exchange for the oil, Turkey would send humanitarian goods to Iraq. A portion of funds generated through the plan would go to a U.N. fund to pay war reparations.

Turkey complains it has lost billions of dollars through the closure of the pipeline.

(sh/djw)

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^BC-Turkey-Iraq<,0294<

^Iraqi Oil Minister Due in Turkey For Talks On Pipeline Transfers<

ANKARA, Turkey (AP) # Iraq's oil minister is to arrive in Turkey on Monday for two days of talks aimed at reopening a pipeline through Turkish territory that would carry Iraqi oil to world markets if it comes back on line.

The pipeline would allow a reprieve to the embargo against Iraq prohibiting its oil from world markets, a deal nicknamed oil-for-food that is currently the subject of negotiations between the United Nations and Baghdad.

The renewable deal would allow Iraq to exchange \$2 billion worth of oil for food and medicine for its people. Talks resume in New York on March 11.

The pipeline, running from Kirkuk in northern Iraq to Yumurtalik on Turkey's Mediterranean coast, was shut down five years ago after Iraq's invasion of Kuwait and the consequent embargo by the U.N. Security Council.

Amir Mohammed Rasheed, the Iraqi oil minister, was due to meet with the energy minister and officials from the Turkish state-run pipeline company.

"The meeting will deal with the technical issues in making this oil pipeline operational as soon as possible," Turkish Foreign Ministry spokesman Omer Akbel said.

Some 11.8 million barrels of crude worth up to \$180 million has been idle inside the Iraqi-Turkish pipeline since August 1990, when the United Nations imposed sanctions on Iraq.

Turkey complains it has lost billions of dollars through the closure of the pipeline.

The oil would be used in Turkey's domestic refining network. In exchange for the oil, Turkey would send humanitarian goods to Iraq. A portion of the funds generated through the plan would go to a U.N. fund to pay war reparations.

dstream 290 03-02 02:36 rf BC-Turkey-Iraq,0294 Iraqi Oil Minist

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bc-Iraqi-Oil-Minister-To 02-28 9999 Iraqi Oil Minister To Visit Turkey For Talks On Pipeline

ANKARA (Dow Jones)--The Iraqi oil minister will visit Turkey for talks focusing on the oil pipeline running from Iraq to the Turkish coast, it was announced Wednesday, reports the Associated Press.

Amir Mohammed Rasheed, Iraqi oil minister, will arrive on Monday, March 4, for two days of technical talks. He will meet the energy minister and officials from the Turkish state-run pipeline company, Foreign Ministry spokesman Omer Akbel told a news conference.

Iraq recently completed a round of technical talks with the U.N. in New York, focusing on the implementation of U.N. Resolution 986. A further round of talks in New York has now been scheduled for March 11.

Under the plan, Iraq would be permitted to sell \$1 billion-worth of oil every 90 days for an initial 180-day period. This would be used to pay for humanitarian aid in Iraq as well as U.N. monitoring teams and war reparations.

Paragraph 2 of the U.N. Resolution authorizes Turkey to import oil from Iraq sufficient to cover the costs to Turkey of shipping Iraqi oil on the pipeline which runs from Kirkuk in northern Iraq to a Turkish Mediterranean Sea port at Yumurtalik.

Iraq and Turkey, in past oil-sale discussions, have squabbled over the appropriate pipeline tariff level to be charged. Diplomats said it remains unclear how extensive negotiations would have to be to reach agreement on this point.

Paragraph 6 requires a committee to monitor the sale and export of the oil via the Turkish pipeline and Iraq's Gulf port of Mina al-Bakr and provides that the sales should be done at reasonable prices based on prevailing market conditions.

This section also requires 'the larger share' to be exported through the Turkish pipeline and the remainder through Mina al-Bakr.

The pipeline was shut down five years ago after Iraq's invasion of Kuwait.

'The meeting will deal with the technical issues in making this oil pipeline operational as soon as possible,' Akbel said.

Turkish officials have said the pipeline is at least partially ready to handle any Iraqi crude, although a section of twin lines needs to be flushed of crude which has been sitting in the line since August 1990.

Turkey has complained it has lost significant revenue from transit fees through the closure of the pipeline.

(END) AP-DOW JONES NEWS 28-02-96

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-Iraq, Turkey Seen Agreeing Key Elements Of U.N. Oil Sale

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By David Bird

NEW YORK (Dow Jones)--Iraq and Turkey are expected to sign a protocol next week resolving key oil issues and closing one of the remaining gaps before Iraq can accept the U.N. oil sale plan, diplomatic sources said Wednesday.

The sources said the visit of Iraq's oil minister to Turkey next Monday follows intense contacts recently on technical aspects of the oil-sale plan.

The understanding - expected to be reached between Turkish government officials, Turkey's state pipeline company Botas and the Iraqis - will become part of the response Iraq will present to the U.N. on March 11, when the next - and possibly final - round of oil-sale talks resume at U.N. headquarters here.

Diplomats stressed that the operational issues involving Iraq and Turkey aren't considered the most important hurdles to be cleared before Iraq agrees to the oil-sale plan.

But they note that the intensity of efforts by Iraq to settle these issues shows Iraq's strong resolve toward putting the oil-sale plan in place.

Abdul Amir al-Anbari, the Iraqi diplomat who will again head Baghdad's team to the talks, is expected to bring with him Saddam Hussein's favorable response to the first round of talks and concrete responses on key unresolved matters, such as aid distribution, diplomats said.

Diplomatic sources stop short of saying all issues will be quickly wrapped up upon Anbari's return, but neither did they rule out a quick agreement.

"If what we have to go by is the resolve, then there will be an agreement," one source said.

Some diplomats still hold to projections that Iraq could be selling oil in the second quarter 1996.

A Turkish foreign ministry spokesman told an Ankara press conference on Wednesday that Iraq's Oil Minister, Amir Mohammed Rasheed, will arrive there next Monday for two days of technical talks on the pipeline which runs from Iraq to Turkey's Mediterranean coast.

"The meeting will deal with the technical issues in making this oil pipeline operational as soon as possible," the spokesman said.

A diplomatic source said an agreement between Iraq and Turkey on issues involving the pipeline "basically is ready for signing." L0354J-----

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bc-Iraq/Turkey/U.N.-Oil- 02-29 9999 Iraq/Turkey/U.N. Oil Sale
-2: Pipeline Repairs A Key Issue

Under the U.N. oil-sale plan, spelled out in Resolution 986, Iraq would be allowed to sell \$1 billion worth of oil every 90 days for an initial 180-day period.

Funds from the sale would go to purchase food and humanitarian goods for Iraqis, as well as to pay war reparations to Kuwait and to fund the costs of U.N. monitoring operations in Iraq.

Based on current prices, Iraq would need to sell about 760,000 barrels a day of crude to raise the \$1 billion. But more oil would need to be sold, if prices fall.

Under the plan, the 'larger share' of the oil sold would be exported through the pipeline from Kirkuk in northern Iraq to Yumurtalik on Turkey's Mediterranean coast. The remainder of the oil can be sold from Iraq's Gulf port at Mina al-Bakr.

Throughout the two weeks of the first round of talks, diplomats said the logistics related to the pipeline wouldn't be a problem, with the U.N. allowing Iraq and Turkey to establish a bilateral plan. Hans Corell, the head of the U.N. team to the talks, and the undersecretary general for legal affairs, said the pipeline wasn't a major issue.

The main issue involving the pipeline is the extent of repairs needed to make it operational. The line has been in disrepair since it was shut after Iraq invaded Kuwait in August 1990, and millions of barrels of crude have been sitting idle in the line since that time.

Sources said Turkish and Iraqi officials agreed in recent days that sections of the line need to be replaced because of corrosion. The repairs needed could take about a month, and Iraq has been keen to begin sales from its Mina al-Bakr port while those were underway.

Diplomats said they expect the protocol to address the issue of how Iraq would effectively pay back Turkey for those sales. But it remains unclear whether a bilateral arrangement on this issue would be accepted by the U.N. without further consideration.

U.N. officials have stressed that the terms of Resolution 986 can't be changed, but the resolution allows leeway in the implementation of the plan.

Sources close to the talks recently said that among issues which remained to be resolved at the political level were Iraq's desire to recoup its oil-production costs under the plan and the issue of how aid would be distributed. Iraqi officials want to be identified with the aid distribution, rather than allowing the U.N. or non-governmental organizations to take the credit.

(END) AP-DOW JONES NEWS 29-02-96

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^BC-Turkey-Iraq-Pipeline<

^Iraqi Oil Minister To Visit Turkey For Talks On Pipeline<

ANKARA, Turkey (AP) — Iraqi's oil minister will visit here next week to discuss technical arrangements to reopen a pipeline running from Iraq to Turkey.

The pipeline, running from Kirkuk in northern Iraq to Yumurtalik on Turkey's Mediterranean coast, was shut down five years ago after Iraq's invasion of Kuwait.

Iraq is negotiating with the United Nations on a plan that would permit Iraq to sell dlrs 1 billion in oil every 90 days to buy humanitarian aid.

Amir Mohammed Rasheed, the Iraqi oil minister, will arrive on Monday for two days of talks. He will meet the energy minister and officials from the Turkish state-run pipeline company, Foreign Ministry spokesman Omer Akbel told a news conference Wednesday..

"The meeting will deal with the technical issues in making this oil pipeline operational as soon as possible," Akbel said.

Some 11.8 million barrels of crude worth up to dlrs 180 million has been idle inside the Iraqi-Turkish pipeline since August 1990, when the United Nations imposed sanctions on Iraq.

Turkey complains it has lost billions of dollars through the closure of the pipeline.

None of the oil would be sold, but would be used in Turkey's domestic refining network. In exchange for the oil, Turkey would send humanitarian goods to Iraq. A portion of the funds generated through the plan would go to a U.N. fund to pay war reparations..

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AP-LD-02-28-96 1206GMT<

[Iraq]

APW VVV95 Aa ----- U.N., Iraq to Hold Second Round of Oil- 02-27 7:52p

BC-UN-Iraq, 0244

U.N., Iraq to Hold Second Round of Oil-for-Food Talks

UNITED NATIONS (AP) - In a sign that talks with Iraq on an oil-for-food deal are moving forward, the United Nations said Tuesday that a second round of the discussions would be held beginning March 11.

Iraqi and U.N. negotiators ended two weeks of talks earlier this month on a plan that would permit Iraq to sell 600,000 barrels of oil every 90 days to buy humanitarian aid.

The talks centered on technical issues and produced no agreement.

The second round will begin in New York on March 11, U.N. spokesman Sylvana Foa said.

"It is clear there is continuing goodwill on the Iraqi side," said another U.N. spokesman, Ahmad Fawzi.

The United Nations imposed trade sanctions against Iraq after it invaded Kuwait in 1990. The council has refused to lift the sanctions until it is satisfied that Iraq has dismantled its programs to build nuclear, chemical and biological weapons.

The council approved a plan last April that would let Iraq sell limited quantities of oil to buy humanitarian goods. Iraq rejected the offer saying it violated its sovereignty. But President Saddam Hussein agreed last month to the talks.

The council has refused to discuss any lifting of the sanctions until it is satisfied that Iraq has dismantled its programs to build nuclear, chemical and biological weapons.

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-KERKUK-YUMURTALIK PETROL BORU HATTI...
-IRAK'IN, BORU HATTI KONUSUNDA GÖRÜŞMELERDE
BULUNMAK ÜZERE TÜRKİYE'YE BİR TEKNİK
HEYET GÖNDERECEĞİ BİLDİRİLDİ

BAĞDAT (A.A) - Irak'ın, yaklaşık 5.5 yıldır kapalı olan Kerkük-Yumurtalık petrol boru hattının onarılıp yeniden açılması konusunda görüşelerde bulunmak üzere Türkiye'ye teknik bir heyet göndereceği bildirildi.

Bağdat'taki diplomatik kaynaklar, Irak teknik heyetinin, BM ile Irak arasında sınırlı petrol satışına ilişkin devam eden görüşmelerin sonucuna göre, Irak tarafının görüşlerini iletmek üzere yakında Türkiye'ye gideceğini belirttiler.

Bir diplomat, "heyet, BM ile yapılan görüşmelerin sonucu ışığında, petrol boru hattının faaliyete geçirilmesi konusunda temaslarda bulunacak" dedi.

Bu arada Irak'ın resmi basın organları, BM ile petrol görüşmelerine katılan Irak'lı yetkili Abdülemir El Anbari'nin, Iraklı yetkililere bilgi vermek üzere Bağdat'a döndüğünü bildirdiler.

Basın organları, Anbari'nin konuya ilişkin raporunu ne zaman sunacağı ya da boru hattına ilişkin görüşmelerin ne zaman başlayacağı konusuna açıklık getirmediler.

Irak geçen hafta, 1990 yılı Ağustos ayında Irak'ın Kuveyt'i işgali sonrası BM'nin ambargo kararı kapsamında kapatılan Kerkük-Yumurtalık boru hattında bir sorun bulunmadığını bildirmişti.

Irak Northern Petrol Şirketi başkanı Talal Ashur da, Irak'lı mühendislerin, boru hattının savaşta hasar gören Irak topraklarındaki bölümünün onarımını tamamladıklarını belirtmişti.

(REU-FLZ-MAB-AS)

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[Greece]

APW VVV41 Aa ----- Iraqi and UN Officials Hold Rare Weekend 02-17 9:40p

BC-UN-Iraq Oil, 0351

Iraqi and UN Officials Hold Rare Weekend Session

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Iraqi and U.N. officials held a rare weekend session Saturday, but Iraq's chief negotiator indicated little progress has been made in 10 days of oil-for-food talks.

"Everything is to be resolved. We are touching everything, but we are not finalizing anything yet," Abdul Amir al-Anbari told reporters as he arrived at U.N. headquarters.

Al-Anbari said he hoped the talks would lead to a "memorandum of understanding" which could lead to further negotiations aimed at resuming sales of Iraqi oil for the first time in 5 1-2 years.

The U.N. Security Council imposed sanctions and banned Iraqi oil exports after Iraq invaded Kuwait in 1990. The council refuses to lift sanctions until it is convinced Iraq has complied with U.N. orders to dismantle its weapons of mass destruction programs and made full disclosure to international inspectors.

Few details of the talks have been released. But al-Anbari indicated the two sides had not made significant progress and were undecided on how the negotiations would proceed.

Asked if the talks would end by Monday, al-Anbari replied. "Let us hope."

Last April, the council offered to let Iraq sell 1 billion worth of oil every 90 days to pay for food and medicine. Some of the revenues also would be used to pay war reparations to Kuwait and fund U.N. monitoring operations in Iraq.

Iraq at first refused the offer, saying it was an affront to its sovereignty. But last month, Iraqi President Saddam Hussein agreed to discuss the plan. Talks at the United Nations began on Feb. 6.

Under the offer, Iraq would be required to sell the larger share of its oil through a pipeline which crosses Turkey to the Mediterranean Sea. The rest would be exported through its Gulf port at Mina al-Bakr.

Al-Anbari said the Mina al-Bakr port was operational and could handle 1.5 million barrels a day.

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^BC-Turkey-Iraq-Oil<

^Iraqi Kurds Demand UN Control of Aid From Oil Deal<

ANKARA, Turkey (AP) _ Iraqi Kurdish groups demanded Tuesday that the United Nations distribute humanitarian supplies that could be purchased under a deal to allow oil sales by Baghdad.

The Iraqi government and U.N. Security Council are negotiating the details of a plan that would permit Iraq to sell dlrs 1 billion of oil. The Security Council is insisting Iraq earmark at least dlrs 130 million for the Kurds in northern Iraq, where they have a semi-autonomous state protected by Western military.

It's not yet decided whether U.N. agencies or the Iraqi government would distribute the food and medicine purchased by the oil revenue. Iraq was placed under an international economic embargo after its invasion of Kuwait in 1990.

The regime of Saddam Hussein has previously rejected U.N. offers for an oil sale to buy humanitarian aid, claiming it was international meddling in its affairs. But the United Nations said it has reached "an understanding" with Iraq on key elements of the oil sale plan.

"The Iraqi government cannot be trusted with distributing humanitarian supplies to us," said Shazad Saib, spokesman for the Patriotic Union of Kurdistan, an Iraqi Kurdish group.

Safeen Dizayhee, a spokesman for the rival Kurdistan Democratic Party, said his group also supported U.N. supervision of aid distribution.

"On the other hand, we'll provide all assistance, including security, in the transportation of the oil through the area we control," Dizayhee added.

Various U.N. agencies are already active in northern Iraq, coordinating the supply of humanitarian aid to the Kurds.

(yo-bm)

AP-LD-02-13-96 1722GMT<

APW VVV18 Aa ----- Allocation Of Funds From Oil Sales Rema 02-13 1-2A

BC-UN-Iraq Oil, 3rd Ld, 0324

Allocation Of Funds From Oil Sales Remains Unresolved In UN-Iraq Talks

Eds: UPDATES with Tuesday's session ending, focus is now on distributing medicine, health supplies and food, talks to resume Tuesday.

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Despite progress in talks on resuming Iraqi oil sales, Iraqi and U.N. negotiators remained at odds Monday over using some of the money to aid Iraqi Kurds, sources familiar with the negotiations said.

As the talks resumed, a U.S. official said Security Council members would discuss stricter procedures to monitor Iraqi imports and exports under terms of the U.N. sanctions that cut off the flow of Iraqi oil after Baghdad invaded Kuwait in 1990.

After negotiations Tuesday at U.N. headquarters, chief Iraqi negotiator Abdul Amir al-Anbari said talks were progressing and have centered mostly on the distribution of food and medicine.

U.N. spokesman Sylvana Foa said negotiators were focusing in detail on the plan for distributing medicine, health supplies and food as well as "the means for guaranteeing their equitable distribution."

United Nations and Iraqi officials began talks last Tuesday on a U.N. offer to allow Baghdad to resume sales to buy humanitarian supplies. Iraq was barred from selling oil under Security Council sanctions imposed after Baghdad invaded Kuwait in 1990.

Talks were to continue Tuesday. Al-Anbari gave no indication how long this first round would take, but said he hopes a second round will begin "as soon as possible."

Under the plan, Iraq would be allowed to sell dlrs 1 billion worth of oil every 90 days for an initial 180-day period. Revenues would go to purchase food and humanitarian goods, pay war reparations to Kuwait and fund U.N. monitoring operations in Iraq.

Sources close, 6th graf.

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[Tajik]

APW VVV55 Aa ----- RETRANSMITTING

02-0A 1-27a

BC-UN-Iraq, 1st Ld-Writethru, 0476

RETRANSMITTING

Iraq Says Oil Sales Shouldn't Harm Market

Eds: UPDATES with talks ending; resume Thursday

By LOUIS MEIXLER

Associated Press Writer

UNITED NATIONS (AP) - Iraq's chief negotiator in oil-for-food talks said Wednesday that any renewed sales should not lead to a sharp, sustained decline in oil prices.

Iraqi negotiator Abdul-Amir al-Anbari spoke as Iraqi and U.N. officials held a second day of talks on a U.N. offer that would permit Iraq to sell dlr 1 billion in oil every 90 days to purchase humanitarian supplies.

The United Nations imposed sweeping trade sanctions against Iraq after Baghdad's 1990 invasion of Kuwait. Before the Gulf War, Iraq pumped some dlr 10 billion in oil.

Allowing Iraq to open its taps could flood the oil market, pushing down prices and costing Gulf states, such as Saudi Arabia, billions, oil analysts have said.

They say the sales could force prices down some dlr 2 a barrel, leading to savings of about a nickel a gallon in the United States.

But al-Anbari said any new sales should not lead to a long-term decline in prices.

"If we go into the market with a very small quantity of oil, it won't affect the fundamentals," he said.

At the end of talks Wednesday, al-Anbari refused to characterize the progress of the negotiations.

"It's too early to say one way or another," al-Anbari told reporters.

The sanctions have devastated the Iraqi economy. Security Council members have said the embargo will remain in place until the council is satisfied that Iraq has complied with U.N. demands to dismantle its programs to build weapons of mass destruction.

In April, the United Nations proposed the oil-for-food formula, but Iraq rejected the offer as an infringement of its sovereignty.

Asked why Iraq agreed last month to the talks, al-Anbari replied "There are so many things going on in the region, the U.N., and the world, but there is no specific... factor."

He would not comment on whether Iraq had any proposals to make at the talks.

Council diplomats have said they will not permit any major changes to the offer, which requires Iraq to ship the majority of the oil through a Turkish pipeline, divert a specified amount to the country's Kurdish minority and use some of the money to compensate Gulf War victims.

On Tuesday, al-Anbari said the U.N. conditions were "not a problem."

In Iraq, the dinar climbed Wednesday on optimism that the talks could lead to oil sales.

Currency traders in Baghdad said a dollar sold for 400 dinars on Wednesday, compared to 500 last week.

Iraq's willingness to start talks follows U.N. reports that Iraq lied to U.N. weapons monitors, ending any hopes for a lifting of sanctions any time soon.

[Turkish]

APW VVV49 Aa ----- U.N., Iraqi Negotiators Begin Crucial Oil 02-06 7:59p

BC-UN-Iraq, 3rd Ld-Whitethru, 0795

U.N., Iraqi Negotiators Begin Crucial Oil Talks

Eds: RECASTS lead graf, adds quote by UN spokesman

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Iraq's chief negotiator said Tuesday he is fully committed to cooperating with the United Nations as officials began talks on resuming limited oil sales to buy humanitarian supplies and ease the suffering of Iraq's people after 5 1/2 years of economic sanctions.

But a U.S. official said the talks would succeed only if the government of President Saddam Hussein accepted terms laid down by the U.N. Security Council last April.

The terms would require Iraq to ship the majority of oil through the Turkish pipeline, divert a specific amount to the Kurdish minority and use revenues to pay compensation to Gulf War victims and fund U.N. monitoring operations.

"I would like to emphasize that if left alone, the Iraqi government and the (U.N.) Secretariat can solve this problem to the satisfaction of all concerned," Iraqi negotiator Abdul-Amir al-Anbari told reporters before the closed-door meeting.

"I come here with the full commitment to cooperate with the United Nations Secretariat with a view to finishing the problem," al-Anbari said. Asked if he were optimistic, al-Anbari replied: "Frankly, it's better to be realistic."

The Security Council imposed economic sanctions, including a ban on Iraqi oil sales, after Iraq invaded Kuwait in 1990. The council says the embargo will remain in place until it is satisfied that Iraq has complied with U.N. orders to dismantle its weapons of mass destruction program.

But the sanctions have brought enormous suffering to Iraq's people. Last April, the United Nations offered to let Iraq sell 1 billion in oil every 90 days to buy food and medicine to alleviate the suffering.

Iraq had repeatedly rejected the offer as an infringement on sovereignty until last month, when Saddam said he was prepared to discuss the plan with the United Nations.

The sales would be closely monitored to ensure the revenues don't wind up funding Saddam's war machine. Some of the money would pay compensation for Gulf War victims and fund U.N. monitoring programs in Iraq.

U.N. spokesman Sylvana Foa said Secretary-General Boutros Boutros-Ghali "remains optimistic" about the talks. "If you look at the reports ... on the humanitarian situation in Iraq, you will realize that everybody has an interest in these talks succeeding," Foa said.

But Western diplomats have made clear that the Security Council will not permit any major changes in the limited sales formula. They said the talks would be limited to "technical matters" regarding implementation of the U.N. plan.

"If Iraq is serious this time, and that's a big if, the United States would support this resolution being implemented," U.S. spokesman James Rubin said. "And assuming that the terms of the resolution were implemented properly, it's certainly possible that it would continue indefinitely."

Al-Anbari said U.N. terms stated in the plan were "not a problem." He said the talks were expected to last about 7 to 10 days and would be probably followed by a second and possibly a third round at unspecified venues.

Permitting Iraq to open its taps could further flood an already saturated oil market, forcing prices down and costing oil-exporting states billions of dollars.

At the same time, analysts say Iraqi oil sales might result in a price drop of up to 25 cents a barrel, which could translate into a savings of 2.5 cents to 5 cents per gallon of gasoline in the United States.

In a statement Monday, the international medical group, Doctors Without Borders, said medicine is in such short supply that Iraqi hospitals were able to perform only emergency surgery.

Dr. Renaud Tockert, the group's former coordinator in Iraq, said cholera, measles and polio had reappeared through much of the country because of a lack of vaccine.

But the announcement of talks has already brought short-term relief to many Iraqis.

The Iraqi dinar has strengthened, leading to a drop in the cost of food during Ramadan, the Islamic month of fasting. The dawn-to-dusk fast is traditionally broken by lavish feasts and festive parties.

Saddam's willingness to talk follows U.N. reports that Iraq lied to and misled U.N. weapons monitors, dashing any hopes the sanctions would be lifted any time soon.

Those reports, which followed the defection of Iraq's weapons chief, Hussein Kamel al-Majid, squelched French and Russian efforts to push for an easing of the embargo.

in a
ramshackle three-room factory. "The war knocked us back
[turkey]

APW VVV00 Aa a---- Iraq Accepts U.N. Offer for Oil Talks 01-20 3:05a

BC-UN-Iraq, 0269

Iraq Accepts U.N. Offer for Oil Talks

By LOUIS MEIXLER

Associated Press Writer

UNITED NATIONS (AP) - Iraq on Friday agreed to hold talks on a U.N. proposal to sell a limited amount of oil to buy food and medicine, a U.N. spokesman said.

The talks are expected to take place in New York, U.N. spokesman Sylvana Foa said.

"The Iraqi government accepts the secretary-general's invitation to enter into discussions ... regarding the oil for food formula," Foa said. "The secretary-general hopes that these discussions will begin as soon as possible in New York."

U.N. Secretary-General Boutros Boutros-Ghali invited Iraq to the talks on Thursday.

Iraq has previously rejected the U.N. offer to sell up to 4 billion of oil a year, mostly to pay for humanitarian supplies, calling it a violation of Iraq's sovereignty. The proposal is an exemption from the U.N. trade sanctions that were imposed after Iraq's 1990 invasion of Kuwait.

Diplomats have said the United Nations would be willing to discuss details of the plan's implementation, such as how much oil Iraq may pump within a specific time period and how it is transported.

But they have stressed that the offer, including how much oil can be pumped and that the sales must be used for humanitarian supplies, is not open to negotiations.

Council members have said they will not lift the full economic sanctions until U.N. weapons monitors are satisfied that Iraq has dismantled its programs to build weapons of mass destruction.

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Turkey Says It Is Ready To Open Iraqi Oil Pipeline<

ANKARA, Turkey (AP) — Turkey's state-owned pipeline company announced Wednesday that it has readied a pipeline to pump Iraqi oil exports under a U.N. plan.

"All the technical preparations to pump oil from Kirkuk, store it and load it have been completed," Isik Eyuboglu, deputy manager of the pipeline company BOTAS, said.

The pipeline, running from Kirkuk in northern Iraq to Yumurtalik on Turkey's Mediterranean Sea coast, was shut down in 1990 after Iraq's invasion of Kuwait.

Iraqi officials announced last week they had agreed to discuss the limited oil sale plan, laid out by the U.N. Security Council but previously rejected by Baghdad.

The resolution allows Iraq to sell dlr 1 billion of oil every 90 days for an initial 180-day period. The proceeds would be used to buy food and other humanitarian aid as well as to pay reparations to Kuwait and fund U.N. monitoring operations in Iraq.

If Baghdad agrees to the latest U.N. offer, Iraq could begin selling oil in the second quarter 1996.

Eyuboglu said that BOTAS has periodically carried out maintenance on the part of the pipeline in Turkey, and that its closure had cost them dlr 2.5 billion since the Gulf War.

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bc-Iraq-Turkey-Pipeline- 01-17 9999 Iraq-Turkey Pipeline Partly Ready To Ship Oil, Officials Say

NEW YORK (DJTES)--If the United Nations and Iraq can agree to the sale of Iraqi oil, at least part of the Iraq-Turkey pipeline that has been idle since the beginning of the Persian Gulf War can begin shipping oil immediately, according to a top Turkish engineer and a Turkish diplomat.

The 650-kilometer pipeline from Kirkuk in northern Iraq to Yumurtalik on Turkey's Mediterranean coast actually consists of two pipelines, one a 40-inch line and the other a 46-inch line.

'One of them is in good condition,' the diplomat said, 'and it can be operated as soon as the deal is concluded. There is some corrosion in the other pipeline and it needs repair. Oil should flow through this pipeline as a flushout so it can be repaired. It will take 24 million barrels of oil for this flushout.'

The diplomat didn't know if the larger or the smaller of the two lines would be ready to ship oil immediately.

The engineer said there are no problems with any of the pumping stations which, in the past, had experienced operational problems.

At capacity, the Iraq-Turkey pipeline can carry 1.2 million to 1.4 million barrels a day.

If Resolution 986 is enacted as written by the U.N. Security Council in April 1995, the 'larger share' of any exported Iraqi oil must flow through the Iraq-Turkey pipeline. The Turkish diplomat took this to mean 'at least 50%.' The remainder of the oil can be exported through Iraq's Persian Gulf port of Mina al Bakr.

Under Resolution 986, Iraq would be allowed to sell \$1 billion of crude every 90 days for an initial 180-period. Using current Arab heavy crude pricing, that would be a total of about 766,000 b/d.

Iraq's pre-war production stood at its OPEC quota of 3.14 million b/d. Iraq said its current output is 700,000 b/d, but industry sources put it at around 550,000 b/d. Iraq's rebuilt output capacity is around 2 million-2.5 million b/d, according to Iraqi officials.

Turkey has been hard-hit by the U.N. sanctions against its neighbor. The diplomat said Turkey has lost \$20 billion in revenue because of the sanctions. Before the war, Turkey annually collected \$300 million from Iraq for allowing the pipeline to operate on Turkish soil.

The diplomat said he expected the same arrangement that Iraq and Turkey had before the war to go back into effect should oil be sold through Resolution 986.

Resolution 986 calls for any flushing out and repairs to the pipeline to be paid for with proceeds from the sale of Iraqi oil.

There is an estimated 12 million barrels of oil in the Iraq-Turkey pipeline that has been stagnant since August 1990. This product is contaminated by corrosion.

(By Bernie Woodall in New York and Adrian Kerr in London)

(END) AP-DOW JONES NEWS 17-01-96

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BC-LIN-Iraqi Oil, 0494

Security Council Maintains Sanctions, Iraq Refuses U.N. Plan

Eds: RECAPS previous; CHANGES dateline

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - The U.N. Security Council agreed to continue economic sanctions against Iraq, and Baghdad refused again to accept a U.N. plan to sell oil to buy food and medicine.

British Ambassador John Weston told reporters on Wednesday that it was the "will of the council" to maintain sanctions, imposed after Iraq's 1990 invasion of Kuwait, because Iraqi compliance with Security Council demands had been "less than fully satisfactory."

He cited Iraq's failure to disclose full details of its nuclear, biological and chemical warfare programs as well as continued repression, lack of information on prisoners taken during the invasion, and alleged links to international terrorism.

Iraq insists it is complying fully with Security Council resolutions and that the sanctions have caused widespread suffering and deaths among the Iraqi people.

"It is clear that both the U.N. special commission and the International Atomic Energy Authority have some misgivings that there may be further information and documentation that they still need," Weston said.

Weston cited U.N. reports that Iraq was trying to develop weapons which would spread radioactive materials without a nuclear blast.

The council's decision to maintain the sanctions was expected. Last month, special U.N. envoy Rolf Ekeus told the council that Iraq had consistently misled weapons monitors and Iraq's past missile and biological weapons programs were larger or more advanced than previously declared.

Following the August defection of Iraqi weapons chief Lt. Gen. Hussein Kamel al-Majid, Iraq released about 600,000 pages of documents on its weapons programs.

During his speech to the council, U.S. Deputy Ambassador Edward Gnehm said the sanctions should be maintained because Iraq "is doing all it can ... to preserve its capability" to build weapons of mass destruction.

The U.N. Security Council has agreed to let Iraq sell up to 1 billion worth of oil every three months under U.N. supervision. Some proceeds would be used to compensate victims of Iraq's 1990 invasion of neighboring Kuwait.

Baghdad maintains the plan infringes on its sovereignty and wants a complete end to the sanctions.

In Geneva, U.N. Secretary-General Boutros Boutros-Ghali met Wednesday with Iraq's local ambassador, Barzan al-Tikriti, to discuss the U.N. limited sales plan. But Boutros-Ghali said the Iraqis gave no indication they were prepared to reconsider the offer.

"It is the principle of control by the United Nations which is not accepted by the government of Iraq," Boutros-Ghali told reporters.

Diplomats said the council was not prepared to modify the plan to suit the Iraqis.

BC-UN-Iraqi Oil, 3rd Ld-Writethru

Boutros-Ghali To Discuss Proposed Oil Sale With Iraqi Envoy

Eds: UPDATES throughout with Boutros-Ghali comments

GENEVA (AP) - Iraq is still refusing to budge in its resistance to a U.N. plan to sell oil and buy urgently needed food and medicines, U.N. Secretary-General Boutros Boutros-Ghali said Wednesday.

After talks with Iraq's local U.N. ambassador, Barzan al-Tikriti, the U.N. chief said there was no indication that Baghdad was even prepared to consider U.N. supervised oil sales.

"It is the principle of control by the United Nations which is not accepted by the government of Iraq," Boutros-Ghali told journalists at the U.N.'s European headquarters.

"There is no new initiative," spokeswoman Therese Gastaut said.

The U.N. chief has stepped up his efforts to persuade Saddam Hussein's government to agree to oil sales given a spate of alarming reports from aid agencies about the plight of civilians.

Malnutrition, disease and infant mortality are said to be increasing because of acute shortages of food and medicines caused in part by the sanctions.

Al-Tikriti - Saddam's influential half-brother - agreed to pass on Boutros-Ghali's message to the Iraqi government, U.N. officials said.

"I still believe it is in the interests of the people of Iraq to have movement in this issue," the U.N. chief said. But he added that he personally had no flexibility in interpreting the Security Council's resolution.

The U.N. Security Council has agreed to let Iraq sell up to 1 billion worth of oil every three months under certain conditions.

There would be careful U.N. supervision and some of the proceeds would be used to compensate victims of Iraq's invasion of neighboring Kuwait.

Baghdad maintains the plan infringes on its sovereignty and instead wants a complete end to the sanctions, imposed after it invaded Kuwait in August 1990.

There has been speculation that Iraq might be more willing to bend a little if there was an increase in the volume of authorized oil.

The slightest rumor about Iraqi oil sales sends tremors through the world oil market, already faced with an oil glut.

Al-Tikriti left the U.N. building without commenting to reporters.

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Turkey Urges Iraq To Accept U.N. Plan For Oil Sales

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ANKARA (AP-DJ)--Turkey on Tuesday urged Iraq to accept a U.N. proposal which allowed the sale of limited amount of Iraqi oil.

Industry and Trade Minister Hasan Akyol told a visiting Iraqi parliamentary delegation that the U.N. proposal 'marked a beginning for Iraq to improve its trade relations,' the Anatolia news agency reported.

A five-member Iraqi parliamentary delegation arrived here Sunday upon the invitation of the Turkish parliament's foreign relations committee.

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^Millions Of Barrels Of Oil To Remain In Pipeline<

ANKARA, Turkey (AP) _ Millions of barrels of Iraqi crude will remain stagnant as regional tensions on Friday led Turkey to stop repairing a joint pipeline.

The 11.8 million barrels of crude worth up to dlrs 180 million has been idle inside the Iraqi-Turkish pipeline since August 1990, when the United Nations imposed sanctions on Iraq after it invaded Kuwait.

Hayrettin Uzun, chairman of the Turkish state oil pipeline company Botas, said that Iraq's recent troop movement near the Kuwaiti border had distanced plans to drain the oil.

Botas began repairing the pipeline in August so it would be ready for flushing with fresh oil pending a U.N. decision to resolve the issue. A total of 27 million barrels of oil would be used to carry out the flush in six months.

Uzun said continuing the repairs following recent developments ``would be a waste of money.''

None of the oil would be sold but would be used in Turkey's domestic refining network. In exchange for the oil, Turkey would send humanitarian goods to Iraq. A portion of the funds generated through the plan would go to a U.N. war reparations fund.

Another problem has been U.N. insistence that the distribution of goods be monitored to ensure that the Kurdish minority in northern Iraq got their share.

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military casualties, the officials said. Troops of the NATO-
[Iranian]

APW VVV39 Aa a---- Iraqi Official: U.N. Standoff at Iraq B 03-09 7.37p

BC-UN-Iraq, 6th Ld-Writethru, 0367

Iraqi Official: U.N. Standoff at Iraq Building Unwarranted

Eds: UPDATES with inspectors gaining access to building

With: BC-Iraq-UN

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - An Iraqi government minister insisted Saturday there was nothing worth seeing inside a site U.N. inspectors believe may contain evidence of illegal Iraqi weapons programs.

U.N. inspectors later Saturday finally gained access to the site, Iraq's Irrigation Ministry building, after an all-night standoff between the U.N. Security Council and Iraq.

Iraq had blocked the team of 43 inspectors from entering the building, and the team stood guard round-the-clock to monitor Iraqis coming and going from the compound.

The Iraqis had said that ministries were not subject to inspection under the terms of U.N. resolutions.

Security Council President Legwaila J. Legwaila of Botswana said, however, that the 15-member group "is unanimous in demanding that Iraq allow access to the inspectors because there is no building insofar as the resolutions of the Security Council are concerned which is beyond inspection" by the United Nations.

The United Nations imposed sanctions on Iraq after the 1990-91 Gulf War, refusing to lift them unless Baghdad agrees to destroy its weapons of mass destruction.

In Ankara on Saturday before the inspectors gained access, Iraqi oil minister Amir Mohammed Rasheed said that U.N. inspectors would find no evidence that Iraq had violated Security Council demands that it dismantle those weapons.

"I assure you there is absolutely nothing in this building or any other building in Iraq which comes into contradiction with Council Resolution 687," Rasheed said.

In California, where President Clinton was traveling, White House press secretary Mike McCurry on Friday called the standoff a source of very great concern to the United States.

"This is part of the pattern of continued avoidance by (Iraqi president) Saddam Hussein of his obligations under the U.N. Security Council resolutions," he said.

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military casualties, the officials said. Troops of the NATO-
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APW VVV39 Aa a---- Iraqi Official: U.N. Standoff at Iraq B 03-09 1.32p

BC-UN-Iraq, 5th Ld-Writethru, 0630

Iraqi Official: U.N. Standoff at Iraq Building Unwarranted
Eds: RECASTS and UPDATES throughout, ADDS comments from Iraqi oil
minister.

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - As the U.N. Security Council demanded its
inspectors be allowed inside a suspected weapons site in Iraq, an
Iraqi government minister insisted Saturday there was nothing
inside worth seeing.

In an all-night standoff that carried into Saturday, Iraq
blocked U.N. inspectors from entering a building they believe may
contain evidence of banned weapons programs.

The 43-member inspection team refused to leave the area, and
planned to stand guard round-the-clock to monitor Iraqis coming and
going from the compound, U.N. officials said.

The United Nations imposed sanctions on Iraq after the 1990-91
Gulf War, refusing to lift them unless Baghdad agrees to destroy
its weapons of mass destruction.

In Ankara Saturday, Iraqi oil minister Amir Mohammed Rasheed
said that U.N. inspectors would find no evidence that Iraq had
violated Security Council demands that it dismantle those weapons.

"I assure you there is absolutely nothing in this building or
any other building in Iraq which comes into contradiction with
Council Resolution 687," Rasheed said.

After a late-night meeting Friday, the U.N. Security Council
demanded the inspectors have access to the building. The Council
was to reconvene Saturday.

The Iraqis say that the building houses the Ministry of
Irrigation, and that ministries were not subject to inspection
under the terms of U.N. resolutions.

Security Council President Legwaila J. Legwaila of Botswana
said, however, that the 15-member group "is unanimous in demanding
that Iraq allow access to the inspectors because there is no
building insofar as the resolutions of the Security Council are
concerned which is beyond inspection" by the United Nations.

In California, where President Clinton was traveling, White
House press secretary Mike McCurry said Friday that the standoff is
"a source of very great concern to the United States."

"This is part of the pattern of continued avoidance by Saddam
Hussein of his obligations under the U.N. Security Council
resolutions," he said.

Iraq's U.N. ambassador, Nizar Hamdoon, said contacts between his
government and the U.N. weapons commission were under way and "we
hope we will reach a solution to that problem as soon as
possible."

The confrontation came after U.N. officials in Baghdad announced
Friday that they had found documents and parts of chemical or
biological weapons at another site about 60 miles (95 kilometers)
north of Baghdad.

Economic sanctions imposed on Iraq since the 1990-91 Gulf War
will not be lifted until Iraq destroys its chemical and biological
weapons programs, among other conditions, the Security Council has
declared.

The oil minister said Friday that the standoff was an artificial
crisis created to damage Iraq's image before talks resume Monday
between the United Nations and Iraq on limited oil sales.

"For the Iraqi government officials, it has become a very
common practice to expect, always, initiation of a crisis whenever
there is a positive development between Iraq and the Security
Council," Rasheed said.

Rasheed was in Ankara to sign an agreement with Turkey for an
oil pipeline.

If the talks with the Security Council are successful, Iraq will
be allowed to sell \$1 billion worth of oil every 90 days to buy
food and medicine, in short supply in Iraq because of the
sanctions.

Most of the oil would reach the markets through the
Iraqi-Turkish pipeline.

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military casualties, the officials said. Troops of the NATO-
[Baghdad]
APW VVV37 Aa a--- U.N. Team Blocked From Iraqi Site; Secu 03-09 P-5A-

BC-LN-Iraq, 1st Ld-Writethru, 0822

U.N. Team Blocked From Iraqi Site; Security Council Meets
Eds: UPDATES throughout with detail, changes "rockets" to
"weapons" in lead. No pickup.

By ROBERT H. REID
Associated Press Writer

UNITED NATIONS (AP) -- A U.N. arms inspection team was blocked from a site in Iraq, U.N. sources said. The standoff followed an announcement by U.N. officials in Baghdad that they found documents and parts of chemical or biological weapons at another site.

The Security Council held an unscheduled meeting Friday afternoon to review the situation. Council diplomats said a statement was expected later in the day.

Council sources said Iraqis blocked about 40 members of a U.N. inspection team from entering the al-Fao building, owned by the Iraqi Irrigation Ministry, about 11 p.m. local time (2000 GMT) Friday, and the standoff was continuing.

A U.N. source, speaking on condition of anonymity, said the U.N. inspectors had surrounded the site so they could monitor who from the Iraqi side entered and left.

When the U.N. team went to the site, members were told by the Iraqis that the inspectors would not be permitted inside because "it is a ministry and therefore not subjected to inspection," the source said.

The U.N. inspectors told the Iraqis they were free to enter any site in Iraq which they suspected might have materials related to the banned weapons program, the source said.

Iraq remains under heavy international sanctions imposed in part to force the country to destroy its weapons of mass destruction.

U.N. Special Commission Chairman Rolf Ekeus briefed the council Friday afternoon but refused comment afterward. The council was to take up a resolution to maintain a limited U.N. presence in Rwanda and then resume discussions on the situation in Iraq in the evening.

A U.S. official, speaking on condition of anonymity, said at the United Nations that Washington thought the council "should demand Iraq comply with this request" to enter the building.

White House press secretary Mike McCurry said the standoff was "a source of very great concern to the United States."

In California with President Clinton, McCurry said, "This is part of the pattern of continued avoidance by Saddam Hussein of his obligations under the U.N. Security Council resolutions."

McCurry said the United States did not know what was at the site, which he described as a warehouse.

The last major confrontation between the U.N. commission and Iraq came in 1992, when the Iraqis refused to allow inspectors to enter the Ministry of Agriculture.

The standoff lasted 21 days, until the Security Council ordered the team to pull back. By the time the inspectors were allowed inside, they reported that the building had apparently been "sanitized."

Earlier Friday, U.N. officials in Baghdad said they retrieved five footlockers of rat-chewed papers, computer disks and munitions from the rubble of a major chemical weapons plant in Iraq.

All could offer clues to whether Iraq has met U.N. demands to destroy its chemical and biological weapons programs, said Charles Duelfer, deputy executive chairman of the U.N. Commission on Iraq.

The newly discovered material was retrieved in the past two weeks at the Muthanna site, 60 miles (100 kilometers) northwest of Baghdad, Duelfer said. Some 3,000 pages of documents have been recovered for analysis, he said.

Parts of chemical or biological weapons were found at the site, and parts that may have belonged to artillery shells, said Cees Wolterbeek, a Dutch chemist who led a 26-member U.N. team. The shells appeared to be 122-mm and 155-mm caliber, he said.

"We have to investigate if the munitions are prototypes or anything new. That's what we didn't know before," Wolterbeek said. "I'm personally convinced that there's more material to be discovered."

In New York, a U.N. source said the materials found at the Muthanna site included...

Muthanna site included artillery shells "and other weapons that were used in their research and development of chemical weapons."

He said the inspectors found "vessels for chemicals" used for military purposes but not the chemicals themselves. He said it was unclear whether the materials were part of the Iraqi biological warfare program.

In Baghdad, Wolterbeek and Duelfer said it was clear the Iraqis had tried to remove all traces of the chemical weapons program from Muthanna after the war, begun after Iraq invaded Kuwait in August 1990.

"It was very clear to our experts that an extensive effort had been made to remove all documentation from the site," Duelfer said. "There were safes, file cabinets, drawers - all kinds of places you might expect to find things, that had been stripped clean."

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Iraq and Turkey Sign Pact on Oil Pipeline(

Eds: COMBINES urgent series, UPDATES with quotes from Iraqi ministers, ADDS byline. No pickup(

AP Photo ANK101(

By KEREM LAWTON=

Associated Press Writer=

ANKARA, Turkey (AP) _ Iraq and Turkey on Friday signed an agreement outlining the operation of a Turkish oil pipeline should Baghdad agree to U.N.-supervised oil sales.

The pact was a major step toward Iraq's acceptance of a U.N. program to sell oil and use the profits for food and medical supplies and make war reparations. Iraq has opposed previous U.N. proposals for oil sales, claiming it was interference in their economic affairs.

The accord _ signed by Iraqi's oil minister, Amir Mohammed Rasheed, and Turkish Energy Minister Husnu Dogan _ is expected to pave the way to renewed trade relations between the neighboring countries.

They also signed a second memorandum described by Rasheed as detailing "the important aspects of cooperation in the domains of energy, especially oil, gas and electricity." No details were immediately available.

Rasheed arrived in Turkey on Monday and visited the Turkish oil terminal at the Mediterranean port of Yumartalik. He then flew to Ankara on Tuesday for talks on the status of the 986-kilometer (616-mile) pipeline, which has been idle since the United Nations imposed sanctions on Iraq following its 1990 invasion of Kuwait.

Under the U.N. plan, Iraq would be allowed to sell dlrs 1 billion worth of oil every 90 days for an initial 180-day period. Funds from the sale would go to purchase food and humanitarian aid for all Iraqis, pay war reparations to Kuwait and to cover the costs of U.N. operations in Iraq.

"The memorandum expresses Iraq's wish to buy large part of the aid from Turkey," Rasheed told reporters after the signing ceremony.

"We do not see or envision any problems neither now nor in the future for distribution (of aid) in the territory of Iraq," Rasheed said.

He expressed hope that the talks with the United Nations would be finalized Monday. Rasheed planned a news conference Saturday morning to assess the talks with Turkey.

Both Iraq and Turkish have said the pipeline will be ready for operation within days of an agreement with the United Nations.

Turkey's state-run pipeline company, Botas, said an inspection for internal damage to the pipeline will be carried out during the flushing of the system.

About 11.8 million barrels of crude oil worth up to dlrs 180 million needs to be flushed through the pipeline, followed by up to three flushings with new oil to clean out the line.

Based on current prices, Iraq would pump about 760,000 barrels a day to reach the dlrs 1 billion level, but more if prices fall.

Turkey hopes to raise dlrs 50 million for transporting the oil in the first six months. There are no restrictions on how Turkey could use the money.

The U.N. plan calls for the "larger share" of the oil to go through the pipeline that runs from Kirkuk in northern Iraq to Turkey's Mediterranean port at Ceyhan. The remainder of the oil would be exported from Iraq's Persian Gulf port at Mina al-Bakr.

"We have two outlets open for export. It's only natural that we use both," Rasheed said.

Iraqi Kurds, who maintain a de-facto state in the northern part of Iraq where the Iraqi part of the pipeline remains, also support the oil sales. Their share from the deal would be dlrs 150 million.

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^Iraqi and Turkey to Sign Pact on Oil Pipeline<

ANKARA, Turkey (AP) ÷ Iraq and Turkey agreed today to open a pipeline that would be the key export route for limited Iraqi oil exports under a U.N. plan.

The agreement, announced by Turkey's Energy Ministry, was a major step toward Iraq's acceptance of the U.N. plan, which would allow it to sell oil to buy food and medical supplies.

Under the plan, Iraq would be allowed to sell \$1 billion worth of oil every 90 days for an initial 180-day period. Funds from the sale would be used to purchase food and humanitarian aid for Iraqis, pay war reparations to Kuwait and to cover the costs of U.N. operations in Iraq.

Both Iraq and Turkish have said that the pipeline will be ready for operation within days of an agreement with the United Nations.

The U.N. plan calls for the "larger share" of the oil to go through the 616-mile pipeline, which runs from Kirkuk in northern Iraq to Turkey's Mediterranean Sea port at Ceyhan. The remainder of the oil would be exported from Iraq's Gulf port at Mina al-Bakr.

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^Iraqi and Turkey to Sign Pact on Oil Pipeline(
ANKARA, Turkey (AP) _ Iraq and Turkey on Friday signed an
agreement opening an oil pipeline which is the key route for a U.N.
plan allowing limited Iraqi oil exports, the energy ministry said.
The agreement was a major step toward Iraq's acceptance of a U.N.
program for it to sell oil in exchange for food and medical
supplies. The pact is expected to pave the way to renewed trade
relations between the countries.
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^ANKARA: the countries.<

The agreement was signed by Iraqi oil minister Amir Mohammed Rasheed and Turkish energy minister Husnu Dogan at the ministry.

Rasheed arrived in Turkey on Monday and visited the Turkish oil terminal at the Mediterranean town of Yumartalik before flying to Ankara on Tuesday for talks on the status of the 986-kilometer (616 mile) pipeline.

Under the U.N. plan, Iraq would be allowed to sell dlrs 1 billion worth of oil every 90 days for an initial 180-day period. Funds from the sale would go to purchase food and humanitarian aid for all Iraqis, pay war reparations to Kuwait and to cover the costs of U.N. operations in Iraq.

Rasheed planned a news conference Saturday morning to assess the talks with Turkey.

MORE

AP-LD-03-08-96 1518GMT<

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^BC-Turkey-Iraq-Oil, 1st Ld, 2nd Add<

^ANKARA: with Turkey.<

Both Iraq and Turkish have said that the pipeline will be ready for operation within days of an agreement with the United Nations.

Turkey's state-run pipeline company Botas said a an inspection for internal damage to the pipeline will be carried out during the flushing of the pipeline.

Some 11.8 million barrels of crude oil worth up to dlr 180 million, which has degenerated in quality by sitting idle in the line, needs to be flushed through the pipeline, followed by up to three flushings with new oil to clean out the line.

Based on current prices, Iraq would pump about 760,000 barrels a day to reach the dlr 1 billion level, but more if prices fall.

Turkey hopes to raise dlr 50 million for transporting the oil in the first six months.

The U.N. plan calls for the "larger share" of the oil to go through the pipeline that runs from Kirkuk in northern Iraq to Turkey's Mediterranean Sea port at Ceyhan. The remainder of the oil would be exported from Iraq's Gulf port at Mina al-Bakr.

Iraqi Kurds, who maintain a de-facto state in the northern part of Iraq where the Iraqi part of the pipeline remains, also support the oil sales. Their share from the deal will be dlr 150 million.

(kl/djw)

AP-LD-03-08-96 1522GMT<

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u i BC-Turkey-Iraq-Oil 03-08 0212

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^BC-Turkey-Iraq-Oil<

^Iraqi and Turkey to Sign Pact on Oil Pipeline<

ANKARA, Turkey (AP) — Iraq and Turkey on Friday planned an agreement opening an oil pipeline which is the key route for a U.N. plan allowing limited Iraqi oil exports, the energy ministry said.

It would be a major step toward Iraq's acceptance of a U.N. program for it to sell oil in exchange for food and medical supplies. The pact is expected to pave the way to renewed trade relations between the countries.

The agreement was to be signed by Iraqi oil minister Amir Mohammed Rasheed and Turkish energy minister Husnu Dogan at the ministry.

Rasheed arrived in Turkey on Monday and visited the Turkish oil terminal at the Mediterranean town of Yumartalik before flying to Ankara on Tuesday for talks on the status of the 986-kilometer (616 mile) pipeline.

Under the U.N. plan, Iraq would be allowed to sell dlrs 1 billion worth of oil every 90 days for an initial 180-day period. Funds from the sale would go to purchase food and humanitarian aid for all Iraqis, pay war reparations to Kuwait and to cover the costs of U.N. operations in Iraq.

Rasheed planned a news conference Saturday morning to assess the talks with Turkey.

(kl/djw)

AP-LD-03-08-96 1409GMT<

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^AM-BRF--Turkey-Iraq,0175<

^Turkey and Iraq Decide Pipeline Ready For Oil Sales<

ANKARA, Turkey (AP) ÷ A joint Turkish-Iraqi pipeline closed since Iraq invaded Kuwait nearly six years ago is technically ready for use if Iraq resumes oil sales under a U.N. plan, officials said Tuesday.

Iraqi Oil Minister Amir Mohammed Rasheed said ``the pipeline is already ready for operations.``

``Once the Iraqi side starts flushing, we will open the pipeline at this end,`` said Turkish Energy Minister Sinasi Altiner.

Under the U.N. plan, Iraq would be allowed to sell \$1 billion worth of oil every 90 days for an initial 180-day period. Part of the revenues would go to a U.N. fund to pay war reparations to Kuwait.

U.N.-Iraqi talks on the proposal resume March 11.

The 592-mile pipeline runs from the Kirkuk oil field through northern Iraq ÷ where Kurds have established a de facto state under the protection of a U.S.-led allied air force ÷ to an oil terminal at the Turkish town of Yumurtalik, on the Mediterranean Ocean.

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^BC-Turkey-Iraq, 3rd Ld-Writethru<

^Iraqi Oil Minister Arrives in Turkey<

^Eds: SUBS last two grafs to clarify terms of oil sale agreement<

ANKARA, Turkey (AP) _ Iraq may reach a decision on a U.N. plan for it to sell oil in exchange for humanitarian aid during talks next week, the Iraqi oil minister said Monday.

"We are thinking very positively this time. Negotiations are seriously underway. We hope to come to a final decision in the next talks with the U.N. on March 11," Amir Mohammed Rasheed told reporters in the southern Turkish town of Ceyhan.

Rasheed visited the Turkish oil terminal at the Mediterranean town of Yumurtalik, near Ceyhan, after crossing the border at Habur Monday.

The visit is in connection with the possible reopening of an oil pipeline that has been closed under U.N. sanctions since the 1990 Iraqi invasion of Kuwait. Iraq has rejected previous U.N. attempts to allow Iraq to make limited oil sales.

"We are here for the reopening of the pipeline," Rasheed said.

It apparently was the first time an Iraqi official traveled across northern Iraq since the end of the Gulf War.

Iraqi Kurds have established a de facto state in the northern part of the country under the protection of a U.S.-led allied air force based in Turkey.

Under the U.N. sanctions, air travel between Baghdad and Ankara is banned.

Rasheed will hold talks with Turkish energy ministry officials in Ankara on Tuesday. He will be here until Friday.

A Turkish official, speaking on condition of anonymity, said the most important issue was to make the pipeline functional at the shortest time.

The state-run pipeline company Botas said in a statement that the Turkish part of the pipeline could be operational in a month once the United Nations and Iraq came to terms.

Rasheed said the Iraqi part of the pipeline could be ready to function "in a few days."

Botas said the oil flushing could be completed in 80-90 days.

Rasheed claimed there was no security problem in northern Iraq. The pipeline runs from Kirkuk through northern Iraq to Yumurtalik.

"We support the U.N. plan for oil sales. Iraqi Kurds will also benefit from it," said Fail Nerweyi, a spokesman for the Kurdistan Democratic Party, an Iraqi Kurdish opposition group.

The share of the Iraqi Kurds was expected to be worth some dlrs 150 million.

The Turkish official said another issue was in regard to Iraq's dlrs 50 million debt to Turkey from the past royalty fees.

Botas estimates its loss from the closure of the pipeline at dlr 2.5 billion.

Under the U.N. plan, Iraq would be allowed to sell dlrs 1 billion worth of oil every 90 days for an initial 180-day period, once it agrees to the oil sale plan.

A portion of the funds generated through the plan would also go to a U.N. fund to pay war reparations to Kuwait.

(djw)

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military casualties, the officials said. Troops of the NATO-
[tehran]
APW VVV19 Aa a---- With Turkey-Iraq

03-05 7.31p

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With Turkey-Iraq

Saddam Reviews Oil-For-Food Talks at Top-Level Meeting

NICOSIA, Cyprus (AP) - President Saddam Hussein on Tuesday reviewed Iraq's oil-for-food talks with the U.N. Security Council at a top-level meeting in Baghdad.

The official Iraqi News Agency said Saddam discussed the talks with top aides during a joint meeting of the Revolution Command Council and the regional leadership of his ruling Baath party, Iraq's highest legislative and political bodies.

"During the meeting, the outcome of the first round of (oil-for-food) talks and some of the positive results achieved so far have been discussed and the necessary instructions were given to the team to continue the dialogue in the second round of the talks due in March 11," said the agency, monitored in Cyprus.

It said members of the negotiating team and its head, Ambassador Abdul-Amir al-Anbari, attended part of the meeting.

The U.N. Security Council imposed crippling sanctions, including a ban on oil exports, on Iraq after it invaded Kuwait in August 1990.

But Iraq last month opened talks with the world body on a U.N. Security Council offer for Baghdad to sell oil worth 1 billion dollars every 90 days for an initial 180-day period to buy badly needed food and medicine.

Iraq had previously rejected the offer, claiming that conditions attached to it infringed its sovereignty.

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^BC-Turkey-Iraq, 1st Ld-Writethru<

^EDs: UPDATES with Turkish minister saying pumping station damaged,
Iraqi minister saying aid could be bought from Turkey, oil suffering
degradation, estimated profits for Turkey, ADDS byline<

^AP Photo ANK 101<

^Turkey and Iraq Decide Pipeline Ready for Oil Sales<

^BY KEREM LAWTON=

^Associated Press Writer=

ANKARA, Turkey (AP) _ A joint Turkish-Iraqi pipeline closed since
Iraq invaded Kuwait nearly six years ago is technically ready if
Iraq resumes oil sales under a U.N. plan, authorities said Tuesday.

Iraqi oil minister Amir Mohammed Rasheed said "The pipeline is
already ready for operations."

"Once the Iraqi side starts flushing, we will open the pipeline
at this end. There are no technical problems," the Turkish energy
minister Sinasi Altiner said.

Altiner told reporters that he learned from the Iraqis that an
Iraqi pumping station was damaged during the Gulf War. But he added
it could be made operational without a major problem.

Rasheed visited the Turkish oil terminal at the Mediterranean
town of Yumurtalik upon his arrival Monday and told reporters that
he found the terminal in a "very good state."

Some 11.8 million barrels of crude worth up to dlrs 180 million
has been idle inside the pipeline since its closure.

"There might be some degradation in the oil," but all of it can
be used "even if sold at a cheaper price," Rasheed said.

Under the U.N. plan, Iraq would be allowed to sell dlrs 1 billion
worth of oil every 90 days for an initial 180-day period.

Funds generated from the sale of oil would go towards the
purchase of food and humanitarian aid.

"We are thinking of ... using the Turkish market as one of the
main sources for our purchases," Rasheed said.

A portion of the funds generated through the plan would go to a
U.N. fund to pay war reparations to Kuwait.

"We are hopeful that the problems will be resolved in the second
round of U.N. talks on March 11," Rasheed said.

Iraq wants to be the authority responsible for the distribution
of aid.

Rasheed claimed there were no security problems in northern Iraq.
The 986 kilometer-long (592-mile) pipeline runs from Kirkuk through
northern Iraq, where Iraqi Kurds have established a defacto state
under the protection of a U.S.-led allied air force based in Turkey.

"The Iraqi government guarantees the pipeline up to the
border," Rasheed said.

Iraqi Kurds support the oil sales deal because they will also
take their share from it, amounting to some dlrs 150 million.

Turkey hopes to raise dlrs 50 million for transporting the oil in
the first six months.

Turkey estimates its loss from the closure of the pipeline at
dlrs 2.5 billion.

Turkey and Iraq will sign a memorandum of understanding to draw
up a plan for the use of the pipeline under the U.N. terms.

Rasheed leaves Turkey Friday.

(kl-za/djw)

AP-LD-03-05-96 1740GMT<

[ankara]

APW VVV83 Aa ----- U.N. Chief Upbeat on Oil-for-Food Talks 03-19 2:58p

BC-UN-Iraq

U.N. Chief Upbeat on Oil-for-Food Talks

GENEVA (AP) - U.N. Secretary-General Boutros Boutros-Ghali said Tuesday that problems still remained in "oil-for-food" talks with Iraq but he was upbeat these could be overcome.

"I am an optimist. It was a long and difficult process but I hope to overcome the difficulties. The people of Iraq are suffering and it is important to offer food assistance and medicaments," the U.N. chief told reporters.

U.N. and Iraqi negotiators adjourned the latest round of talks in New York Monday. Both sides said the issue of how to distribute aid to Iraqi Kurds was blocking a final agreement.

Negotiators in New York said success or failure of the talks would depend on a political decision - whether Iraqi President Saddam Hussein will accept U.N. demands he previously rejected as an infringement on sovereignty.

However, Boutros-Ghali said he hoped the outstanding problems could be solved by technical experts. But he added that if Deputy Prime Minister Tariq Aziz was welcome to attend the next round of talks April 8 if he wished.

"We still have certain problems to be solved," Boutros-Ghali said during a visit to the U.N.'s European headquarters.

The Security Council refuses to lift economic sanctions imposed after Iraq's 1990 invasion of Kuwait until the inspectors verify that Baghdad has stopped work on weapons of mass destruction and cooperated fully with them.

Those sanctions include a ban on oil exports. But the council has offered to allow Iraq to sell \$1 billion worth of oil every 90 days until international supervision to buy food and medicine for its people.

(cn)

191259 Mar GMT

BC-UN-Iraq, 4th Ld-Writethru, 0764
New Round of Oil for Food Talks Planned in April
Eds: LEADS throughout to UPDATE with details, quotes. EDITS to trim. No pickup.
By ROBERT H. REID
Associated Press Writer

UNITED NATIONS (AP) — U.N. and Iraqi negotiators adjourned "oil-for-food" talks Monday until next month, and both sides said the issue of how to distribute aid to Iraqi Kurds was blocking a final agreement.

"The ultimate decision is at the political level," chief U.N. negotiator Hans Corell told reporters after announcing the talks would resume here April 8.

That means Iraqi President Saddam Hussein must decide whether to accept U.N. demands which his government has in the past rejected as an infringement on sovereignty.

The Security Council refuses to lift economic sanctions imposed after Iraq's 1990 invasion of Kuwait until the inspectors verify that Baghdad has stopped work on weapons of mass destruction and cooperated fully with them.

Those sanctions include a ban on oil exports. But the council has offered to allow Iraq to sell 1 billion worth of oil every 90 days until international supervision to buy food and medicine for its people.

U.N. spokesman Sylvana Foa said the two sides had made "considerable progress" during the latest round, which began March 11. A first round was held in February.

But the talks have so far failed to resolve the most contentious issue: how to distribute food and medicine to Iraqi Kurds who have been battling the Baghdad government for decades.

The U.N. offer requires that 130 million to 150 million of the food aid must be distributed to the Kurds. U.N. diplomats insist that it be clear the food is from the international community and not from the Iraqi government.

In an interview Monday with Dow Jones News Service, Iraqi chief negotiator Abdul Amir al-Anbari said U.N. officials objected to Iraq's plan to distribute aid to the Kurds through the government's ration program "in consultation with the U.N. people."

"But at the last minute, somehow they came with the idea that it would be the U.N. which would procure and distribute... it free rather than use our rationing system," al-Anbari said.

Al-Anbari said that since the rest of the Iraqi people would have to pay a token amount for food and medicine, distributing aid free to the Kurds would violate provisions requiring "equitable distribution."

He said the difference could not be resolved last Friday because U.N. Secretary-General Boutros Boutros-Ghali was abroad. U.N. officials said Boutros-Ghali, in Geneva, conferred Monday by telephone with Iraqi Deputy Prime Minister Tariq Aziz to arrange a new round of negotiations next month.

U.N. officials said the Iraqis wanted to avoid any distribution system which questioned the "territorial integrity" of Iraq. The Iraqis argued that a separate distribution system for the Kurds would do just that.

"There is really only one basic issue, which is how to organize the distribution plan," al-Anbari said after the talks.

Al-Anbari said he could not say whether the third round would be the last, nor whether any senior government officials would come to New York for the talks.

Corell called the distribution of food and medicine "a difficult issue."

"But I am confident that we will be able to find a solution to that issue as well," he said. "You must realize the whole issue requires a decision at the political level, and this is what we are waiting for."

Earlier Monday, the chief U.N. weapons inspector, Rolf Ekeus, accused Iraq of a "pattern" of defiance by blocking his team from entering suspected weapons storage sites five times in the past 10 days.

Ekeus briefed the council Monday on Iraq's recent moves to delay inspectors. He said his team was prevented on five occasions from entering suspected weapons sites. In each case, the Iraqis eventually relented and allowed inspectors to enter.

"I think it was a pattern," Ekeus said. "That is my judgment."

He said no illegal weapons were found. At one site, however, smoke was seen rising from an incinerator, he said. Inspectors found grass inside, Ekeus said, but could not tell whether documents had been burned there previously.

Ekeus insisted that the United Nations has the authority to inspect any location in Iraq suspected of containing proscribed weapons or documents.

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^BC-UN-Iraq, 1st Ld-Writethru<

^New Round of Oil for Food Talks Planned in April<

^Eds: RESTORES reference to Aziz dropped from 2nd graf<

GENEVA (AP) # U.N. officials will conduct a new round of oil-for food talks with Iraq next month.

The agreement was reached during a phone conversation between U.N. Secretary General Boutros Boutros-Ghali and Iraq's Deputy Prime Minister Tariq Aziz Monday, the U.N. said.

Talks have been continuing at the United Nations in New York over U.N. proposals that would allow Iraq to sell dlrs 1 billion of oil every 90 days to buy food and medicines. This is despite U.N. sanctions which have been in place since the 1990 invasion of Kuwait.

Iraq's chief negotiator Abdul Amir al-Anbari said in New York he would meet with the U.N. team leader Hans Corell on Monday as scheduled. "we will see if we can agree. If not we will meet again April 8," he said.

U.N. spokeswoman Therese Gastaut said the third round of talks would start April 8 in New York and would aim to finally wind up the negotiations which started in February.

Both sides have said progress was made last week.

The U.N. offer to Iraq specifies that dlrs 130 million to dlrs 150 million of the food aid must be distributed to Kurds in the north of the country. It is insisting it be clear that the food is from the international community and not from the Iraqi government.

The U.N. Security Council has said it will not consider any easing of the sanctions until Iraq fully cooperates with U.N. weapons monitors and dismantles its weapons of mass destruction.

^(cfh-dj)<

[Turkey]

APW VVV80 Aa ----- New Round of Oil for Food Talks Planned 03-1A A-40-

BC-UN-Iraq, 2nd Rd-Writethru, 0610

New Round of Oil for Food Talks Planned in April

Eds: LEADS throughout to UPDATE with U.N. monitor chief complaining of "pattern" of defiance by Iraq. EDITS. No pickup.

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Last-minute opposition by the United Nations to Iraq's plans for distributing aid to Iraqi Kurds blocked a deal last week in the "oil-for-food" talks, Iraq's chief negotiator said Monday.

Also Monday, the chief U.N. weapons inspector accused Iraq of a "pattern" of defiance by blocking his team for entering suspected weapons storage sites five times in the past 10 days.

The Security Council refuses to lift economic sanctions imposed after Iraq's 1990 invasion of Kuwait until the inspectors verify that Baghdad has stopped work on weapons of mass destruction and cooperated fully with them.

Those sanctions include a ban on oil exports. But the council has offered to allow Iraq to sell dlrs 1 billion worth of oil every 90 days until international supervision to buy food and medicine for its people.

U.N. and Iraqi officials were to meet Monday afternoon for what was expected to be the final session of the second round of "oil-for-food" talks. The United Nations said Monday that a third round was set to begin April 8 in New York.

In an interview with Dow Jones News Service, Iraqi negotiator Abdul Amir al-Anbari said the two sides were close to an agreement on the limited sales offer last Friday.

But he said U.N. negotiators objected to Iraq's plan for ensuring that Iraqi Kurds, who have been fighting the Baghdad government for decades, receive their fair share.

The U.N. offer requires that dlrs 130 million to dlrs 150 million of the food aid must be distributed to the Kurds. U.N. diplomats insist that it be clear the food is from the international community and not from the Iraqi government.

Al-Anbari said the two sides had tentatively agreed the aid would be distributed to the Kurds "through the (Iraqi) rationing system in consultation with the U.N. people."

"But at the last minute, somehow they came with the idea that it would be the U.N. which would procure and distribute... it free rather than use our rationing system," al-Anbari said.

Al-Anbari said that since the rest of the Iraqi people would have to pay a token amount for food and medicine, distributing aid free to the Kurds would violate provisions requiring "equitable distribution."

He said the difference could not be resolved last Friday because Secretary-General Boutros Boutros-Ghali was abroad.

U.N. officials said Boutros-Ghali, who is in Geneva, conferred Monday by telephone with Iraqi Deputy Prime Minister Tariq Aziz to arrange a new round of negotiations next month.

The chief U.N. weapons inspector, Rolf Ekeus, briefed the council Monday on Iraq's recent moves to delay inspectors. He said his team was prevented on five occasions from entering suspected weapons sites. In each case, the Iraqis eventually relented and allowed inspectors to enter.

"I think it was a pattern," Ekeus said. "That is my judgment."

Ekeus said no illegal weapons were found. At one site, however, smoke was seen rising from an incinerator, he said. Inspectors found grass inside, Ekeus said, but could not tell whether documents had been burned there previously.

Ekeus insisted that the United Nations has the authority to inspect any location in Iraq suspected of containing proscribed weapons or documents.

[Athens]

APW VVV75 Aa ----- Iraq Wants Syria To Reopen Pipeline for 03-17 10:04p

BC-Iraq-Oil,0423

Iraq Wants Syria To Reopen Pipeline for Oil Exports

CAIRO, Egypt (AP) - In a bid to end its isolation, the government of Saddam Hussein has asked Syria to reopen an oil pipeline that links Iraqi oil fields with the Mediterranean, Iraqi diplomatic sources said Sunday.

Iraq currently is engaged in negotiations with the United Nations on a partial lifting of the ban on Iraqi oil exports that was imposed after Iraq's 1990 invasion of neighboring Kuwait.

Saddam is expected to agree to the deal to counter growing dissatisfaction in Iraq over the country's deteriorating economy.

Under the proposal, the United Nations would allow Iraq to export 1 billion of crude oil every 90 days so Baghdad can purchase food, medicine and other necessities.

According to the resolution, a large share of the oil would go through a 1,000-kilometer (621 miles) pipeline through Turkey.

With its appeal to Syria, Iraq apparently is seeking a second route. The pipeline, however, is believed to be in bad repair and would need substantial work to get it operating.

The London-based Al-Hayat newspaper reported Sunday that the Iraqi team negotiating the oil-for-food deal has asked the United Nations to allow some Iraqi oil exports to go via Syria.

The pipeline, with a capacity of 1.4 million barrels a day, was closed by Syria in April 1982. The move was part of Syria's support for Iran in the 1980-88 Iran-Iraq war.

Iraq and Syria, ruled by rival factions of the Baath Party, have long been rivals in the Arab world. In recent months, however, they have been holding joint talks on how to deal with Turkey's plans to build more dams on the Euphrates River. The dams could reduce downstream flow to Iraq and Syria.

The Iraqi sources, who insisted on anonymity, said Baghdad was trying to persuade Damascus to reopen the pipeline, which terminates at the Syrian port of Banias on the Mediterranean.

They said Saddam has asked Algerian President Lamain Zeroual to mediate with Syrian President Hafez Assad on the pipeline question.

The sources said Saddam's request to Zeroual was made by his deputy, Taha Yassin Ramadan, during a visit to Algiers earlier this month. While Ramadan was in Algiers, Syrian Vice President Abdel-Halim Khaddam visited the north African capital and met with Zeroual.

Amid talks over the Turkish water problem, Syria last month opened its border to allow an Iraqi delegation to cross for the first time since 1979.

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^BC-UN-Iraq,0343<

^U.N.-Iraq Oil Talks: Key Issue Is Aid To Kurds<

^By LOUIS MEIXLER=

^Associated Press Writer=

UNITED NATIONS (AP) ÷ While the United Nations and Iraq have made progress in oil-for-food talks, they are divided over the crucial issue of food aid to the largely autonomous Kurdish north, diplomats said Friday.

Disagreement could lead to collapse of the talks, a U.N. diplomat said on condition of anonymity.

The second round of talks, which began this week, had been expected to end Friday, but both sides said they will continue Monday.

"Unfortunately, we could not finish our work," said the chief Iraqi negotiator, Abdul Amir al-Anbari.

Iraq insists that it purchase the food that will be distributed in the largely autonomous Kurdish north of the country, diplomats said. That would make it appear as though the food comes from Saddam Hussein's government.

The United Nations, wanting it to be clear that the aid comes from the international community, insists that it buy and distribute the goods.

U.S. and British diplomats have said repeatedly that they will oppose any agreement that appears to strengthen Saddam Hussein.

The United Nations imposed sweeping sanctions against Iraq in 1990 after Baghdad's invasion of Kuwait. The council has said it will not consider any easing of the sanctions until Iraq cooperates fully with U.N. weapons monitors.

In April, the United Nations offered to allow Iraq to sell dlr 1 billion worth of oil every 90 days to buy humanitarian aid. Iraq rejected the offer at first, saying U.N.-controlled oil sales would violate its sovereignty, but finally agreed in January to talk. The first round of talks ended on Feb. 19 after two weeks.

The resolution specifies that dlr 130 million to dlr 150 million of the food aid be distributed in the Kurdish north. It allows Iraq to purchase and distribute food and other humanitarian aid in other parts of the country, with U.N. observation.

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bc-Iraq's-Anbari-Says-R 03-12 9999 Iraq's Anbari Says
Receiving Turkish Pipeline Accord Wed.

(END) AP-DOW JONES NEWS 12-03-96

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ipr 26 03-12 22:37 rf bc-Iraq's-Anbari-Says-R 03-12 9999 I

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bc-Iraq-U.N.-Oil-Talks-D 03-12 9999 Iraq-U.N. Oil Talks
Delayed, Unclear Why, U.N. Source Says

UNITED NATIONS (Dow Jones)--Iraqi-U.N. talks on the
resumption of Iraqi oil exports were delayed Tuesday, with
no information immediately available as to the reason, a
U.N. source said.

The development came soon after Iraqi team leader
Abdul Amir al-Anbari arrived at the U.N.

The U.N. source said both negotiating teams are at
the U.N., but the talks, scheduled to begin at 2000 GMT,
shadn't begun as of 2100 GMT.

The source also said the afternoon round of talks is
expected to begin soon.

(MORE) AP-DOW JONES NEWS 12-03-96

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bc-Iraq/Pipeline--2:-Und 03-12 9999 Iraq/Pipeline -2:
Under Plan, Most Oil Must Go Via Turkey

UNITED NATIONS (Dow Jones)--The Iraqi delegation to
the U.N. oil sales talks will receive a signed accord
reached last Friday between Turkish and Iraqi officials
regarding the function of a Turkish pipeline should Iraq
sell oil under the U.N. oil sales plan.

Under U.N. Resolution 986, which outlines the proposed
oil sales plan, the majority of Iraqi oil sold must go
through the Turkish pipeline. The rest of the oil is to be
shipped from the Iraqi Persian Gulf port of Mina-al-Bakr.

Abdul Amir al-Anbari, head of the Iraqi delegation,
said Tuesday he'll receive the documents on Wednesday, but
added that he isn't sure when he will present the
documents to the U.N. negotiating team.

The two sides are scheduled to enter the third day of
the second round of negotiations at the U.N. Wednesday
morning.

Last week in Ankara, Turkish and Iraqi oil officials
hammered out an agreement to carry Iraqi oil via a
pipeline from Kirkuk in northern Iraq to a Turkish port on
the Mediterranean coast.

Anbari has said the matter of transporting oil on the
Turkish pipeline isn't a sticking point in the
negotiations now underway at the U.N.

(END) AP-DOW JONES NEWS 12-03-96

2055GMT(AP-DJ-

ipr 110 03-12 20:55 rf bc-Iraq-U.N.-Oil-Talks-D 03-12 9999

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ipr 26 03-12 22:53 rf bc-Iraq's-Anbari:-Durat 03-12 9999 I

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ipr 219 03-12 22:52 rf bc-Iraq/Pipeline--2:-Und 03-12

L1738J-----

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bc-U.N.-Iraq-Oil-Talks- 03-12 9999 U.N., Iraq Oil Talks
Resume -2: After Hour-Long Delay

UNITED NATIONS (Dow Jones)--Talks between U.N. and
Iraqi negotiators on an oil-for-food sale plan resumed
Tuesday afternoon after a delay of more than an hour, a
U.N. official said.

The talks had been scheduled to start at 2000 GMT. The
reason for the delay wasn't disclosed.

Iraq's lead negotiator, Abdul Amir al-Anbari, as
expected was present at the afternoon round of
discussions, the official said.

Anbari skipped a morning session, during which experts from both teams discussed technical issues on the oil-sale plan, which would allow Iraq to sell \$1 billion of oil each 90 days for an initial 180-day period.

Those talks lasted several hours, the official said. Further details on the morning session weren't available.

Tuesday afternoon's talks were expected to continue building on the work accomplished during the first round of negotiations between Iraq and the U.N. that ended Feb. 19. On Monday, the two sides met for the first time since last month.

The first round of discussions centered on oil production and delivery, banking, and the acquisition and distribution of humanitarian aid.

-Bernie Woodall

(END) AP-DOW JONES NEWS 12-03-96

2227GMT(AP-DJ-

ipr 217 03-12 22:27 rf bc-U.N.,-Iraq-Oil-Talks- 03-12 9999
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bc-Iraq's-Anbari:-Durat 03-12 9999 Iraq's Anbari: Duration
of U.N. Oil Talks May Be Set Wed.

(MORE) AP-DOW JONES NEWS 12-03-96

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^BC-Iraq-Surrealistic Survival

^NY Int: Offer for near-cycle use

^Oil-For-Food Talks Inspire Unlikely Dreams

^AP Photo Available (market scene, Amman filing)

^By EARLEEN FISHER=

^Associated Press Writer=

BAGHDAD, Iraq (AP) ÷ While Iraq and the United Nations pursue an agreement that would permit limited sales of Iraq's vast oil riches to import more food and medicine for its suffering people, surrealistic dreams are taking hold.

"There are no good jobs now. We must wait for the United Nations negotiations before we find work," said Emad, a ninth-grade dropout who completed his army service a month ago and now hawks fake Ray-Ban sunglasses for the equivalent of dlr 3.33 in the Souq al-Araby.

The souq, a crowded market in downtown Baghdad, draws more spectators than buyers these days. Emad, 23, reckons he's lucky to sell 15 pairs of sunglasses a month ÷ for a gross of 20,000 dinars (about dlr 30). And that's six or seven times the monthly salary of a government civil servant or a first-grade teacher.

The U.N. negotiations, which resumed Monday in New York, would allow Iraq to sell dlr 1 billion worth of oil every 90 days in order to import more foreign food and medicine.

The United Nations imposed an embargo on trade with Iraq when President Saddam Hussein's forces invaded neighboring Kuwait in 1990 and has pledged to keep it in place until there's proof that Iraq's arsenal of chemical bombs, long-range missiles and other weapons of mass destruction has been eliminated.

The embargo permits Iraq to import food, medicine and other humanitarian aid, but Iraq argued that the loss of its oil revenue left it too poor to buy enough.

Under the current U.N. proposal, Iraq could use the new oil revenue only to buy food and medicine, to make war reparations to Kuwait and to offset the cost of U.N. programs.

In January, news that Iraq was ready for formal talks on the oil-for-food deal helped to strengthen the Iraqi dinar and sparked a local buying binge. The U.S. dollar ÷ the preferred currency for serious business and a hedge against the future ÷ plummeted from 3,000 dinars to 400 dinars in three weeks before generally stabilizing at 600 to 700 dinars.

But spending had tapered off by the time the first round of talks ended in mid-February. A wait-and-see attitude has settled in.

In the Souq al-Shorjah food market, 36-year-old Sahara sells powdered milk to help support her 13 children and a war-crippled husband who can't work. If business is good one day, it's bad the next day, she said with a resigned smile, using the rhyming Arabic expression 'yom asal, yom sal' which literally means 'day of honey, day of unions.'

Like many people in this police state, she didn't give her full name.

The Iraqi people, brutalized by 16 years of Saddam's leadership, would benefit if the oil-for-food deal works. It's harder to see an enticing payoff for Saddam and his inner circle of relatives and clansmen. They've suffered far fewer of the deprivations that beset their 20 million countrymen and women, most of whom are hard-pressed to get adequate medical care and nutritionally balanced diets.

However, by participating in the talks ÷ regardless of their outcome ÷ Saddam's government could score a few points which could help in lifting the trade embargo:

÷ An improvement in its pariah image could encourage foreign investors who in turn could press for a lifting of the U.N. trade embargo.

÷ A show of concern for the Iraqi people might avert any international efforts to scrutinize humanitarian issues.

÷ The new oil revenue would provide a buffer for the government's existing hard currency reserves ÷ as well as another chance to manipulate the illegal but usually tolerated dollar-dinar market.

The government-run news media already are having a heyday with U.S. plans to issue a new dlr 100 bill designed to thwart counterfeiters. Coaxing dollars out of private pockets means more dollars for government coffers.

Although the U.S. government has said the old dlr 100 bills will never lose their validity, Iraqi newspapers have been implying that the old bills will become worthless. Already, Baghdad residents say, rumor-reactive money traders are refusing to accept dlr 100 bills printed after 1988 ÷ without explaining how they settled on that particular date.

Babil, a daily newspaper run by Saddam's son Odai, has waxed poetic about the dinar's gains against the dollars.

'Dealers in the hateful green currency are in misery ...,' Babil said in a recent front-page commentary.

'Those with limited incomes are still tasting the sweet victory of the currency they loved (the Iraqi dinar), but the 'dollarion' (dollar people) were shocked by the revolt of the sleeping giant (the dinar).'

Perhaps the best hope is that an oil-for-food deal would mean that the government's monthly food rations might actually last a full month. Many people say their monthly rations now last only two or three weeks.

Under the present ration-card system, everyone above the age of 18 months is entitled to purchase a monthly allotment of such items as flour, rice, cooking oil, sugar and laundry detergent. The entire package sells for 50 dinars, or less than 9 cents. If you have enough money, you can buy more at higher prices.

For instance, the 500 grams (about a pound) of sugar in the ration package costs 5 dinars (less than a penny). If you buy another 500 grams from a government-authorized vendor, you might pay 125 dinars (21 cents). And if you buy the same amount in a commercial market, it will cost you about 250 dinars (42 cents).

(emf/mdm)

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bc-Iraq-U.N.-Oil-Talks-M 03-10 9999 Iraq-U.N. Oil Talks
May Be Overshadowed By New Dispute

By David Bird and Bernie Woodall

NEW YORK (Dow Jones)--The latest round of oil-sale talks, set to resume Monday, may be overshadowed by a tense weekend dispute between Iraq officials and U.N. weapons inspectors, diplomats warned.

The 18-hour standoff in Baghdad, which kept U.N. officials from an Iraqi Irrigation Ministry building, was resolved by high-level crisis telephone calls.

But officials on both sides of the issue raised concerns that the level of mistrust between Iraq and leading U.N. Security Council members has been hugely inflated by the latest incident.

For Iraqi officials on their way here to meet with the U.N. about implementing the oil-sale plan, the timing of the latest episode couldn't be worse, diplomats said.

(MORE) AP-DOW JONES NEWS 10-03-96

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bc-Iraq-U.N.-Oil-Talks-- 03-10 9999 Iraq-U.N. Oil Talks -2:
Fresh Suspicions Could Derail Plan

Western diplomats had noted in the past few weeks a clear signal that Iraq was seriously moving toward acceptance of the plan, which will provide humanitarian relief amid continuing sanctions.

'The signs are that they are serious,' one diplomat said.

Now they worry that efforts have been seriously set back, if not derailed, by fresh suspicions that neither side can be trusted to abide by the terms of the plan.

The situation won't be clear until talks actually resume, they noted. Some Western diplomats had said before the latest episode they believe Iraq is on a timetable to accept U.N. Resolution 986 soon and to resume oil sales in the second quarter.

As the standoff was unfolding late Friday, an official of the U.S. mission to the U.N. said the incident may harm the chances for an agreement on the oil-sale plan.

'Obviously, this is not helpful for the atmosphere of such talks,' the U.S. official said. He added that while the U.S. supports the humanitarian oil-for-food plan, if Iraq is 'playing games' with weapons inspectors, there's reason to doubt they will be disingenuous in the oil-sale talks.

(MORE) AP-DOW JONES NEWS 10-03-96

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bc-Iraq-U.N.-Oil-Talks-- 03-10 9999 Iraq-U.N. Oil Talks -3:
Oil Minister's Comments Sour Mood

Iraq's Oil Minister Amir Mohammed Rasheed, amid the crisis on Saturday, expressed resentment against the U.N. He said in Turkey, where he signed an oil pipeline pact, that the standoff was an artificial crisis designed to damage Iraq's image before the next round of talks.

For the Iraqi government officials, it has become a very common practice to expect, always, initiation of a crisis whenever there is a positive development between Iraq and the Security Council.'

Rasheed's comments soured what had been praised by Iraqi officials and noted by Western diplomats as a key step forward in Iraq's acceptance of the oil-sale plan - an agreement to reopen a crude oil pipeline through Turkey.

That pipeline, from the oilfields at Kirkuk in northern Iraq to the Turkish port of Ceyhan on the Mediterranean Sea, is the key export route in the U.N. plan.

The oil-for-food plan would allow Iraq to export \$1 billion worth of crude every 90 days for an initial 180-day period. Proceeds from the sale would go to purchase food and humanitarian goods for all segments of the Iraqi population, pay war reparations to Kuwait and fund costs of U.N. monitoring operations in Iraq.

Under the plan, the 'larger share' of the crude must go through this line, with the remainder exported from Iraq's rebuilt Gulf port at Mina al-Bakr.

Western diplomats said they will allow Iraq to begin exports from Mina al-Bakr, while Turkish operations are readied, provided that the majority of crude is exported through Turkey in the first 90 days.

Based on current prices, Iraq would need to sell around 760,000 barrels a day (b/d) of crude to reach the \$1 billion level.

U.N. and Iraqi officials held two weeks of talks in February on implementing the plan, which Iraq had repeatedly rejected in the past as a violation of its sovereignty.

Since those talks, Iraqi President Saddam Hussein has dispatched top officials to take action to reach agreement on the plan.

But also during this period, U.N. officials dealt Iraq setbacks in hopes of getting sanctions fully lifted, something that won't happen until the U.N. Security Council agrees Iraq's ability to create weapons of mass destruction has been crushed.

(MORE) AP-DOW JONES NEWS 10-03-96

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ipr 399 03-11 00:53 rf bc-Iraq-U.N.-Oil-Talks-- 03-10 9999

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bc-Iraq-U.N.-Oil-Talks-- 03-10 9999 Iraq-U.N. Oil Talks -4:
Aid Allocation Still To Be Resolved

Before the standoff on Friday, U.N. officials said they recovered five footlockers of rat-chewed papers, computer disks and munitions from the rubble of a major chemical weapons plant. U.N. officials said the late night move on to search the Irrigation Ministry was a follow-up to that finding. They said they believe Iraq sanitized the building of any incriminating data before allowing U.N. inspectors in, 18 hours later.

Western governments have also blasted what they said was Saddam's presumed role in, or support of, the murder of two family members and key military advisors who defected to Jordan, pledged to overthrow him, and then returned to Iraq after being forgiven.

Still, if taken on its own, Western diplomats said, they believe there is a strong probability that the oil-sale plan could be agreed.

Two key points remain to be resolved:

allocation and distribution of aid

Iraq's desire to cover oil production costs

Sources close to the talks said the key remaining problem surrounds a requirement in Resolution 986 that \$130 million to \$150 million in relief be spent in three Kurdish controlled areas in northern Iraq.

Sources said Iraq doesn't have a problem with the amount of money, but doesn't support the notion that these regions are autonomous. Iraq would prefer that the area isn't specifically mentioned in the resolution, but U.N. officials and Western diplomats are solid in saying the resolution won't be changed in any way.

Diplomats said they believe Iraq will have to change its position on this, or there won't be a deal. One Western diplomat, who noted Iraq could receive some credit for the aid distribution, said the resolution allows Iraq some leeway for agreeing without explicitly doing so.

'There's been an effort underway for them to persuade public opinion. They can couch this. 'I think they can do it if they want to,' he said. 'This is not an absolute sticking point.'

In some ways, this diplomat said, the sovereignty issue is the easiest to settle because it is unilateral. 'In some ways it's the hardest, but it's actually the easiest, once they decide they want to do it.'

Western diplomats said Iraq isn't likely to be able to negotiate more favorable terms on its desire to recover oil production costs.

Sources said Iraq had raised in earlier talks its desire to be able to recover about \$2 a barrel in costs, arguing that after deductions, their share of the oil-sale funds would be low.

One diplomat noted the resolution allows Iraq to petition Secretary General Boutros Boutros-Ghali to increase the amount of money which can be raised in sale. But this can only be done after Iraq agrees to implement the plan.

(END) AP-DOW JONES NEWS 10-03-96

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military casualties, the officials said. Troops of the NATO-
[Istanbul]

APW VVV39 Aa a--- U.N. Official Says Inspectors Enter Bag 03-09 4-10n

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U.N. Official Says Inspectors Enter Baghdad Building

Eds: COMBINES urgent series; UPDATES with name of U.N. official,
background; EDITS throughout.

BAGHDAD, Iraq (AP) - U.N. weapons inspectors seeking data on
Iraq's banned weapons programs entered an Irrigation Ministry
building Saturday in Baghdad after an all-night standoff with Iraqi
authorities, a U.N. official said.

The 43-member team was allowed into the building, where they
suspect weapons-related documents were stored, after the chief U.N.
inspector, Rolf Ekeus, telephoned Iraq's deputy prime minister,
Tariq Aziz, from New York and negotiated a deal.

"It seems that it worked," said Charles Harper, an American
with the operations department of the U.N. Special Commission
charged with dismantling Iraq's weapons programs.

He said the inspectors entered the building in central Baghdad
at 3:50 p.m. (1250 GMT), nearly 16 hours after Iraqi authorities
refused to allow them in.

There was no immediate word on whether they found any
weapons-related documents and U.N. officials gave no details of the
negotiations between Ekeus and Aziz.

Saturday's move ended an all-night vigil by the U.N. team, who
had stood guard around the building to monitor Iraqis going in and
out of the ministry compound and prevent them carrying anything
away.

The Iraqis blocked the inspectors after the U.N. officials
announced they had uncovered five footlockers over the past two
weeks containing documents and parts of chemical or biological
rockets at the Muthanna State Establishment, a weapons project
compound 60 miles (100 kilometers) north of Baghdad.

The Iraqis claimed that government ministries are not subject to
inspection under the term of U.N. Security Council Resolution 687,
which requires Iraq to dismantle all of its programs to develop and
build weapons of mass destruction.

In Ankara on Saturday, Iraqi Oil Minister Amer Mohammed Rashid
said that U.N. inspectors would find no evidence that Iraq had
violated Security Council demands that it dismantle those weapons.

"I assure you there is absolutely nothing in this building or
any other building in Iraq which comes into contradiction with
Council Resolution 687," Rashid said.

However, Security Council President Legwaila J. Legwaila of
Botswana said in New York that the council was demanding access to
the building because "there is no building insofar as the
resolutions of the Security Council are concerned which is beyond
inspection" by the United Nations.

The inspections were required under the terms of a U.N.
cease-fire that ended the 1991 Gulf War.

Rashid said Friday that the standoff was an artificial crisis
created to damage Iraq's image before talks resume Monday between
the United Nations and Iraq on limited oil sales.

The United Nations imposed crippling trade sanctions on Iraq
after Iraq invaded Kuwait in August 1990, refusing to lift them
unless Baghdad agrees to destroy its weapons of mass destruction.

If the talks with the Security Council are successful, Iraq will
be allowed to sell oil worth \$1 billion every 90 days for an
initial six-month period to buy food and medicine, in short supply
in Iraq because of the sanctions.

Rashid was in Ankara to sign an agreement with Turkey for
reopening an oil pipeline to pump the oil if Iraq reaches an
agreement with the Security Council.

The last major confrontation between the U.N. commission and
Iraq in the inspectors' frequently trouble efforts to defang
Saddam's military might was in 1992, when the Iraqis refused to
allow a U.N. team into the Ministry of Agriculture in Baghdad.

That standoff lasted 21 days. By the time the inspectors got
into the building, they claimed the Iraqis had removed all the data
they were seeking.

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^BC-Turkey-Iraq Oil<

^Turkish Delegation Leaves For Iraq To Examine Oil Pipeline<

ANKARA, Turkey (AP) _ Turkey sent technicians Monday to Iraq to help prepare an oil pipeline that is expected to reopen soon under U.N. auspices.

Iraq and the United Nations signed an agreement a week ago to let Iraq sell dhrs 2 billion worth of oil over an initial six-month period to buy food and medicine for its people.

The 986-kilometer (620-mile) pipeline, from Iraq's northern oil city of Kirkuk to Turkey's Mediterranean port of Ceyhan, was shut down following Iraq's invasion of Kuwait in 1990.

The technicians from Turkey's state pipeline company, Botas, will examine two pumping stations in northern Iraq, Foreign Ministry spokesman Omer Akbel said.

The Turkish side of the pipeline is ready for operation. Experts believe that the oil can begin to flow in a period of four to eight weeks.

(sh/vls)

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^BC-Turkey-Iraq Oil<

Turkey Says the Turkish Part of Oil Pipeline Operational<

ANKARA, Turkey (AP) — An Iraqi-Turkish oil pipeline was ready for immediate use on the Turkish side, a pipeline official said Monday.

Iraq and the United Nations Monday signed an agreement to let Iraq sell oil to buy food and medicine for its people.

“Even if there are some technical problems on the Iraqi side, we do not think it will take more than a month or two to repair it,” said Mustafa Murathan, the general director of Turkey’s state pipeline company, Botas.

Iraq’s chief negotiator with the United Nations, Abdul Amir al-Anbari, who signed the agreement in New York, said he expected Iraqi oil to start flowing in a month. Western diplomats said it could take up to eight weeks.

The 986-kilometer pipeline, which runs from Kirkuk oil fields in northern Iraq to the Turkish oil terminal of Yumurtalik on the Mediterranean, was shut down following Iraq’s invasion of Kuwait in 1990.

(za/djw)

AP-LD-05-20-96 1723GMT<

[Syrian]

APW VVV60 Aa ----- Iraq Hopes Oil-For-Food Deal Will Open 05-21 3:48a

EC-UN-Iraq Oil,0641

Iraq Hopes Oil-For-Food Deal Will Open Door To Lifting Sanctions

Eds: RECAPS previous

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - By accepting the U.N. oil-for-food deal, Iraq hopes to encourage the U.N. Security Council to lift crippling economic sanctions imposed after Baghdad invaded Kuwait in 1990.

But U.S. officials insist that Iraq must comply with council resolutions banning Iraqi weapons of mass destruction and cooperate fully with U.N. demands to make a full disclosure of weapons programs.

On Monday, Iraq finally accepted a U.N. offer to allow President Saddam Hussein to sell dlr 1 billion worth of oil every 90 days for an initial 180-day period to buy food and medicine for its suffering people.

Estimates of how long it will take before Iraqi oil begins flowing into international markets vary from between one and two months.

The council committee which monitors Iraqi sanctions meets Tuesday to begin drawing up detailed plans to make sure Iraq does not try to smuggle in weapons and other proscribed materials.

Under the agreement, the United Nations will distribute supplies to Iraqi Kurds, who have been fighting the Baghdad government for decades. Iraq must submit a plan for distributing supplies throughout the rest of the country before oil exports can begin.

U.N. monitors, protected by diplomatic immunity, will supervise both exports and distribution of humanitarian supplies.

"It opens a door for Iraq, in this case, to try to reach out for the total lifting of the embargo," Iraq's U.N. Ambassador Nizar Hamdoon said.

Hamdoon did not elaborate, but it appeared the Iraqis hope their acceptance of the oil-for-food deal will generate enough goodwill among U.N. member states to lift the sanctions.

But sanctions cannot be lifted without the approval of the 15-member Security Council. As one of the five permanent members, the United States could veto any move to lift them without Washington's approval.

In Washington, White House spokesman Mike McCurry welcomed the oil-for-food deal and said Iraq should have accepted it years ago.

McCurry added that the United States believed Iraq "must fully comply with all of the relevant U.N. Security Council resolutions" before sanctions could be lifted entirely.

The United States believed that if Iraq met the conditions and complied with the resolutions, "that would be incompatible with Saddam Hussein's continued tenure in office," he added.

A U.S. diplomat, speaking on condition of anonymity, said the United States would hold Iraq's "feet to the fire" to make sure it was complying fully with U.N. conditions in the oil-for-food deal.

The U.N. commission established to monitor Iraq's weapons programs has complained for years that the Iraqis have failed to comply with orders to make full disclosure of their status.

But the economic sanctions imposed on Iraq are the most stringent ever applied by the United Nations, and reports of widespread suffering among the Iraqi population has made those controls increasingly unpopular among many U.N. member states.

Diplomatic sources, speaking on condition of anonymity, said the United States hoped the oil-for-food deal would reduce pressure from other countries to lift the sanctions, which allow U.N. inspectors to monitor closely Iraq's military establishment.

Last month, Russia, China and other countries refused to impose economic sanctions against Sudan for its alleged support of terrorism, citing the supposed ineffectiveness of the Iraqi sanctions in forcing Saddam to comply with U.N. orders.

The council approved watered-down diplomatic sanctions against Sudan instead.

[Greece]

APW VVV58 Aa ----- URGENT

05-20 5:33p

EC-UN-Iraq Oil, 4th Ld-Writethru,0472

URGENT

Iraqi Ambassador Says Iraq Accepts Oil-For-Food Deal

Eds: RECASTS throughout and UPDATES with Iraqi chief negotiator arriving for talks with Boutros-Ghali, oil price movement. Trims. By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Iraq has accepted a U.N. offer to let Saddam Hussein sell oil to buy food and medicine for its people, Iraq's U.N. ambassador said Monday.

An agreement would let Iraq sell dlr 1 billion of oil every 90 days - its first oil exports since the United Nations imposed sanctions on Baghdad to punish it for invading Kuwait in August 1990. The pact would be expected to reduce gasoline prices worldwide.

Oil prices dropped when the news was first announced, but recovered almost as quickly. Wholesale futures prices on the New York Mercantile Exchange were off about 19 cents per barrel after falling as much as 79 cents.

Asked whether the Iraqi government had decided to accept the offer, Iraqi Ambassador Nazar Hamdoon said "yes" but would not elaborate.

U.N. spokesman Sylvana Foa said Secretary-General Boutros Boutros-Ghali "has his fingers crossed and we hope to have something for you around noon."

Iraq's chief negotiator, Abdul Amir al-Anbari, arrived at U.N. headquarters Monday morning with a letter for Boutros-Ghali from Iraqi Deputy Prime Minister Tariq Aziz.

Sources familiar with the talks, speaking on condition of anonymity, said the letter authorizes al-Anbari to sign the deal.

Al-Anbari refused to elaborate on Hamdoon's but said Iraq had "no reservations" about agreeing to the offer.

U.N. and Iraqi negotiators met Sunday with Boutros-Ghali to review the text of a tentative agreement worked out last week.

Last year, the Security Council offered to let Iraq resume oil sales but stipulated that up to dlr 150 million of the profits must be distributed by the United Nations to Iraq's Kurdish minority, which has been battling the government for decades.

That demand had been the major stumbling block to an accord. Iraq said the U.N. plan would threaten its national sovereignty. Sources close to the talks said the two sides had reached a tentative agreement on the distribution issue, including the status of U.N. monitors who would guarantee that the food and medicine were not just given to Saddam's supporters.

In Baghdad, Saddam presided over a meeting of Iraq's two highest councils Saturday night, apparently to discuss the U.N. offer.

Security Council members have said they will not lift sanctions fully until Iraq complies with U.N. orders to dismantle its weapons of mass destruction.

Iraq was driven from Kuwait by a U.S.-led coalition in early 1991.

[Kurdish]

APW VVV36 Aa ----- URGENT

05-15 6:45p

BC-UN-Iraq Oil, 2nd Ld-Writethru,0480

URGENT

Ambassador: Negotiators Await Word from Baghdad.

Eds: Combines previous. Stands as 1st Ld-Writethru to some points, UNITED with British ambassador saying deal awaits Baghdad's approval.

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Talks on allowing Iraq to resume selling oil to buy food and medicine have reached a "satisfactory outcome" but negotiators are waiting word on whether Baghdad will accept the deal, Britain's U.N. ambassador said Wednesday.

"My impression is that these talks have reached a satisfactory outcome and they're waiting for a response from Baghdad," Ambassador John Weston told reporters as he arrived for a routine Security Council meeting.

An agreement between U.N. and Iraqi negotiators would let Iraq sell dtrs 1 billion worth of oil every 90 days to ease the effects of crippling U.N. sanctions imposed after it invaded Kuwait in 1990.

A deal would also increase international petroleum supplies and curb world prices at a time when rising gasoline prices have become an issue in the U.S. presidential campaign.

But the offer includes requirements for U.N. controls on the system for distributing food and medicine, especially in the Kurdish areas of northern Iraq.

The offer requires that up to dtrs 150 million worth of goods be distributed to the Kurds, who have been fighting the government for decades. Iraq has complained that the U.N. demands threaten to dismember the country.

Those conditions prompted Iraq to reject the oil-for-food offer, first made in April 1995, for nearly a year until Baghdad agreed to begin negotiations last February.

Last month, a third round of talks ended without agreement after British and American officials complained that a tentative accord contained loopholes Iraqi President Saddam Hussein could exploit to buy prohibited military equipment and keep supplies from his opponents.

Iraq's chief negotiator, Abdul Amir al-Anbari, has complained that Britain and the United States are trying to impose unacceptable conditions, and it remains unclear whether Saddam will ultimately cave in and accept the deal.

On Tuesday, al-Anbari said there were "other parties involved" in the deliberations and "we are waiting to see their reaction and their guidelines."

"There are no minor problems," he added. "Everything is a major problem."

Since last Friday, Western diplomats familiar with the talks have been saying privately that all issues had been resolved. They refused to elaborate.

But their statements indicate that the talks have reached a "take it or leave it stage," and that Baghdad must now decide whether the economic benefits outweigh domestic political consideration.

[Turkish]

APW VVV26 Aa ----- Sources Downplay Possibility of Imminent Deal 05-13 6:29p

BC-UN-Iraq Oil, 0424

Sources Downplay Possibility of Imminent Deal On Iraqi Oil

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - U.N. and Western officials Monday downplayed prospects of a deal allowing Iraq to resume oil sales, which would reduce gasoline prices and relieve the suffering of the Iraqi people.

A deal would allow Iraq to export oil for the first time since the U.N. Security Council imposed economic sanctions after Iraq invaded Kuwait in 1990. It would also enable Iraq to buy food and medicine for its people.

Last Friday, Western diplomats, speaking on condition of anonymity, said they were optimistic that a deal could be reached, possibly before Secretary-General Boutros Boutros-Ghali left for Moscow later Monday.

That helped boost the value of the Iraqi dinar against other currencies by almost 50 percent over the weekend.

On Monday, however, those same diplomats said they did not expect an agreement when the two sides resumed talks at 3 p.m. (1800 GMT).

One diplomat said there would not be an agreement Monday without saying why.

On Sunday, the chief U.N. negotiator, Hans Corell, said there was "much work to be done" but refused to elaborate.

Last Friday, Iraq's chief negotiator, Abdul Amir al-Anbari, said a deal could be wrapped up quickly if the United Nations disavowed conditions imposed by Britain and the United States on the method for distributing food and medicine, especially in Kurdish areas of northern Iraq.

"I think we've made much progress about the oil sales but distribution - no," Anbari said. Asked if the two sides were still far apart on the issue, he replied, "yes."

Last year, the Security Council agreed to allow Iraq to sell dlr 1 billion worth of oil every 90 days to buy food and medicine for its people.

But the U.N. offer requires that up to dlr 150 million worth of goods be distributed to Iraqi Kurds, who have been fighting the government for decades.

The United States and Britain want Iraq to play no role in the distribution to the Kurds. But Iraq says that would in effect partition the country and threaten its sovereignty.

Last month, a third round of talks ended without agreement after British and American officials complained that a tentative accord contained loopholes that Iraqi President Saddam Hussein could exploit to buy prohibited military equipment and keep supplies from his opponents.

131530 May GMT

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^BC-UN-Iraq, 2nd Ld<,0203<

^Western Diplomats Say Agreement Not Imminent In
Oil-For-Food Talks<

^Eds: UPDATES with talks end for the day, resume Thursday,
ADD that Iraqis suffering under sanctions<

^By ROBERT H. REID=

^Associated Press Writer=

UNITED NATIONS (AP) ÷ Despite Iraq's insistence that
it wants an agreement in oil-for-food talks, Western
diplomats doubt a deal is imminent because of longstanding
differences on how to distribute supplies purchased with
oil revenues to Iraqi Kurds.

A senior U.N. official, meanwhile, was en route to
Iraq on Wednesday to meet deputy Prime Minister Tariq
Aziz. U.N. officials said a clearer picture of Iraq's
position may emerge after the visit, even though it is not
directly tied to the oil talks.

The two sides met for about an hour behind closed
doors Wednesday and then adjourned the talks until
Thursday afternoon.

The Kurdish issue has stood in the way of an agreement
ever since the U.N. Security Council last year offered to
allow Iraq to sell dirs 1 billion worth of oil every 90
days to buy food and medicine for its people, who have
been suffering under U.N. sanctions.

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^Western Diplomats Say Agreement Not Imminent In Oil-For-Food Talks<

^By ROBERT H. REID=

^Associated Press Writer=

UNITED NATIONS (AP) ‡ Despite Iraq's insistence that it wants an agreement in oil-for-food talks, Western diplomats doubt a deal is imminent because of longstanding differences on how to distribute supplies purchased with oil revenues to Iraqi Kurds.

The Kurdish issue has stood in the way of an agreement ever since the U.N. Security Council last year offered to allow Iraq to resume oil sales if the money is used only to buy food and medicine for its people.

Iraq wants to distribute supplies to the Kurds to bolster its authority over an area of the country the government barely controls. Iraqi Kurds set up a de facto state in northern Iraq after the Persian Gulf War, and a U.S.-led air patrol monitors the area to deter troops of Iraqi President Saddam Hussein.

The United States and other key U.N. members oppose any increase in Saddam's influence in the Kurdish region.

Talks resume Wednesday morning.

After Tuesday's round, a Western diplomat said he thought it would take at least "a few days" to reach a deal. "An agreement is not imminent," he said on condition of anonymity.

Iraq's chief negotiator, Abdul Amir al-Anbari, said he was determined to reach an agreement. "We came here to finish," he said Tuesday.

Negotiations on the U.N. offer began last February, and the latest round started April 8. Al-Anbari accuses unspecified Security Council members ‡ presumably the United States and Britain ‡ of blocking an agreement.

Iraq has been barred from selling oil under U.N. sanctions imposed after it invaded Kuwait in 1990, touching off the Gulf War. Last year, the United Nations offered to allow Baghdad to sell dlrs 1 billion worth of oil every 90 days to buy badly needed food and medicine for its people.

The United Nations insists that dlrs 130 million to dlrs 150 million worth of supplies be distributed to Iraqi Kurds. U.N. negotiators want to distribute supplies directly to them for free.

Iraq maintains that would violate U.N. conditions for "equitable distribution," because other Iraqis would pay a nominal sum for their goods.

Iraq had repeatedly rejected the U.N. oil-for-food offer until last February, claiming it would violate its sovereignty and lead to the dismemberment of the country.

An exclusive U.N. role in distributing supplies to the Kurds would threaten the unity of Iraq, Baghdad officials have said.

[Iraq]

APW VVV97 Aa ----- Iraqi Negotiator Accuses U.N. Of 'Changing Goal Posts'

BC-UN-Iraq, 1st Ld-Writethru, 0604

Iraqi Negotiator Accuses U.N. Of 'Changing Goal Posts'

Eds: Combines previous, tightens

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Iraq's chief negotiator in the oil-for-food talks accused the United Nations on Sunday of "changing the goal posts" in the negotiations and warned that could torpedo a deal to resume Iraqi oil sales.

U.N. and Iraqi negotiators resume their third round of talks Monday on a Security Council offer to allow Iraq to sell 6 billion worth of oil every 90 days to buy food and medicine for its people.

Iraq has been barred from exporting oil under crippling U.N. sanctions imposed after it invaded Kuwait in 1990. Last year, the council offered to allow limited sales under strict supervision.

On Saturday, Iraqi negotiator Abdul Amir al-Anbari received what he said was a "revised version" of terms that would be acceptable to the United States and the four other permanent members of the Security Council: Russia, Britain, France and China.

Iraq's formal response is not expected until Monday.

But in a telephone interview with Dow Jones News Service, al-Anbari accused the United Nations, under pressure from council members, of backing down on unspecified terms to which it had already agreed.

"I'm puzzled that the U.N. Secretariat, under pressure from some member countries, is changing the goal posts," he said.

Al-Anbari said "two to three short clauses" were standing in the way of an agreement but "until we have an agreement on everything, we don't have an agreement."

Al-Anbari refused to identify which issues were blocking an agreement. But he accused unspecified council members, presumably the United States, of "deleting or adding" issues that had been agreed upon.

"I have to put an end to this game of taking back something that's been agreed to," he said.

President Saddam Hussein had rejected the oil-sale plan, saying it would violate Iraq's sovereignty. But he agreed to negotiations last February, and the latest round began here last Monday.

The U.N. offer requires Iraq to distribute 130 million dollars worth of supplies to northern Kurds, who have been battling the Iraqi government for decades.

Oil revenues would also help pay war reparations to Kuwait and finance U.N. monitoring efforts in Iraq.

The sticking point has been food distribution - who would do it and how, and what role if any the Iraqis would play in the process. U.S. officials say they don't want Iraq to play a substantial role in food distribution to the Kurds because the supplies might be diverted to Saddam's military.

Western diplomats say it is up to Iraq to make concessions if it wants a deal. U.N. negotiators have reportedly worked on a face-saving compromise aimed at overcoming sovereignty issues Iraq has raised.

A U.S. official, speaking on condition of anonymity, said U.S. Ambassador Madeleine Albright had not tried to block a deal. But he said the United States wanted to make sure that the agreement complied fully with its interpretation of the "oil-for-food" offer, especially food distribution.

The United States helped draft the oil-for-food offer. But it has been the council member most vigorous in insisting that Iraq be held to a strict interpretation of the terms.

On Thursday, a U.N. diplomat speaking on condition of anonymity said negotiators for the two sides agreed that the U.N. World Food Program would distribute the food.

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[Iraq]

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APW VVV84 Aa ----- UN And Iraq Suspend Oil-For-Food Talks 04-11 7-00Am

BC-UN-Iraqi Oil,0357

UN And Iraq Suspend Oil-For-Food Talks Until Friday

UNITED NATIONS (AP) - U.N. and Iraqi negotiators suspended oil-for-food talks until Friday, but Iraq's chief negotiator denied a published report that an agreement to allow Baghdad to resume oil exports is imminent.

U.N. spokesmen gave no reason for the cancellation of Thursday's session.

The talks are over a U.N. offer to allow Iraq to sell down to 1 billion-worth of oil every 90 days despite economic sanctions imposed after Baghdad invaded Kuwait in 1990, touching off the Gulf War.

Revenues from the sales are to be used to buy food and medicine for Iraq's suffering people and to pay damages done during the war in Kuwait and to defer costs of U.N. monitoring operations in Iraq.

Iraq's chief negotiator Abdul Amir al-Anbari said the delay would allow him time to consult by telephone with officials in Baghdad about the status of the latest round of negotiations, which began Monday.

Al-Anbari said he and his U.N. counterpart, Hans Corell, agreed not to meet while Secretary-General Boutros Boutros-Ghali is away from the United Nations.

Boutros-Ghali was in Washington Thursday delivering speeches and is expected to return Friday.

On Thursday, the Arabic-language newspaper al-Hayat quoted unnamed Western sources as saying a final agreement was imminent. Al-Anbari said the report was "not true" but declined to elaborate.

The main stumbling block is the U.N. demand that the United Nations rather than the Iraqi government distribute food and medicine directly to the Kurdish minority.

Iraq wants the supplies distributed through its state rationing system, which does not extend to the Kurdish areas. The Kurds have been fighting the government for decades. But Iraq insists that the U.N. formula would undermine its sovereignty and national integrity.

Western diplomats, speaking on condition of anonymity, said the U.N. negotiators had put forward a proposal aimed at overcoming the differences but would not elaborate.

111609 Apr GMT

[Baghdad]

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[ankara]

APW VVV69 Aa a----- U.N.-Iraq Oil Talks Resume As OPEC Face 04-08 6.10p

BC-UN-Iraqi Oil, 1st Ld-Writethru,0721

U.N.-Iraq Oil Talks Resume As OPEC Faces Overproduction Problems

Eds: UPDATES throughout with Iraqi negotiator expressing optimism

CORRECTS that talks begin at 1900 GMT sted 2000 GMT

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - With Iraq's chief negotiator promising to prove the "doomsayers" wrong, U.N. and Iraqi officials resume talks Monday on allowing Iraq to resume selling oil to buy food and medicine for its suffering people.

"There are a lot of people who say these talks will fail," Iraqi negotiator Abdul Amir al-Anbari said. "The doomsayers, I think they will be surprised when they see the two sides work out this plan."

But a major condition, laid down by U.N. negotiators and supported by the Clinton Administration, stands in the way of a final agreement: how to distribute humanitarian supplies to Iraq's minority Kurds in the north.

It appeared the Iraqis were banking on U.N. Secretary-General Boutros Boutros-Ghali to convince the United States and other Security Council members to accept Iraq's demand to distribute supplies to the Kurds through Baghdad's government rationing system.

Iraq has been banned from exporting oil under U.N. sanctions imposed after Baghdad invaded Kuwait in 1990, touching off the Gulf War. The U.N. Security Council says sanctions will remain in place until Iraq complies with its demands, including dismantling its weapons of mass destruction programs.

But faced with reports of widespread suffering because of the embargo, the council last year offered to let Iraq sell 1 billion worth of oil every 90 days to soften the impact of sanctions on its population.

President Saddam Hussein rejected the offer until last February, when he agreed to negotiations. Two rounds of talks failed to produce an agreement.

The disagreement between the two sides centers around differing interpretations of terms of the U.N. offer, which requires that 130 million to 150 million worth of humanitarian supplies be funneled to the Iraqi Kurds.

Council members say the offer is non-negotiable.

Baghdad insists that food and medicine be distributed to the Kurds, who have been fighting the government for decades, through the government's ration system.

The United Nations wants the supplies to be distributed to the Kurds directly free of charge. Iraq says that would violate the United Nations' own demands for equitable distribution nationwide since other Iraqis pay a nominal fee for rationed goods.

On Monday, al-Anbari said that Boutros-Ghali's presence could advance the talks, but he warned again that some Security Council members could hinder a settlement. Boutros-Ghali was abroad during the last round in March.

But al-Anbari said unspecified council members, presumably the United States, might raise "new obstacles."

Al-Anbari confirmed that Iraqi deputy Prime Minister Tariq Aziz would not be joining the talks. U.N. officials believe Aziz's presence would signal that Iraq was ready to accept the U.N. terms.

Last week, Aziz told the French newspaper Le Monde that the remaining differences were "very important" and "touch on the very integrity and sovereignty of our country."

But Western diplomats said the Iraqis would like to reach an agreement before Saddam's birthday on April 28.

Market analysts predict world oil prices could fall by 2 to 4 dollars a barrel if the United Nations allows Iraq to resume sales. Gasoline prices have risen an average of 10 cents a gallon in the United States over the past six months because of strong demand for heating fuel during an unseasonably cold winter.

Also Monday, OPEC Secretary General Rilwanu Lukman and its current president, Algerian Oil Minister Ammar Makloufi, began a tour of Gulf producers to discuss the impact of resumed Iraqi sales and to urge members to comply with production ceilings.

OPEC is trying to crack down on overproduction, mainly by Venezuela. The International Energy Agency on Friday estimated Venezuela's output climbed to 2.93 million barrels a day in March, compared with its quota of 2.359 million barrels a day.

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^Ball in Saddam's Court As U.N.-Iraqi Oil Talks Shift To Political Phase<

^An AP News Analysis<

^By ROBERT H. REID=

Associated Press Writer=

UNITED NATIONS (AP) v As 'oil-for-food' talks move from the technical to the political realm, Iraqi President Saddam Hussein must now decide whether to accept a U.N. offer which he has long found unpalatable.

On Monday, U.N. and Iraqi negotiators wrapped up a second round of talks having resolved most of the technical issues surrounding an offer to let Iraq sell dlrs 1 billion worth of oil for 90 days to buy food and medicine. Talks resume here April 8.

Iraq has been barred from exporting oil since 1990 under sanctions imposed after it invaded Kuwait, touching off the Gulf War. Oil was Iraq's chief source of income, and the ban has been devastating to the country's economy.

But the Security Council refuses to lift sanctions entirely until it is satisfied Iraq has dismantled its program to build weapons of mass destruction.

On Tuesday, U.N. Secretary-General Boutros Boutros-Ghali said in Geneva that he was optimistic the talks would produce an agreement because 'I believe that the people of Iraq are suffering.'

But Iraq's suffering people are only part of the equation. Other forces at play include big power politics, the survival of Saddam's regime and v from the Iraqi perspective v the sovereignty of the country.

U.N. and Iraqi officials say the main stumbling block is the system for distributing food and medicine, particularly to Iraqi Kurds in three northern provinces.

The United Nations has insisted that dlrs 130 to dlrs 150 million worth of aid be earmarked for the Kurds, who have been fighting the Baghdad government for decades.

Iraqi officials are willing to go along with that, but they also say the United Nations wants the aid to be distributed free in the Kurdish areas. Iraq wants the aid distributed as part of its internal rationing system.

Iraqi chief negotiator Abdul Amir al-Anbari said the U.N. plan would violate the Security Council's own conditions that aid be distributed equitably throughout the country v Iraqis elsewhere will pay a nominal fee for the food and medicine.

Privately, the Iraqis claim the plan is a thinly veiled move by the United Nations, under pressure from the Americans and other Western countries, to encourage the ethnic division of Iraq and the ultimate breakup of the country.

They believe that Western countries, especially the United States, are bitter that Saddam remains in power more than five years after his defeat by the U.S.-led coalition in the Persian Gulf conflict.

But Western diplomats, speaking on condition of anonymity, say they do not want Saddam's regime to use the aid to restore control of the largely autonomous north.

Iraq's position has been weakened by recent standoffs between Iraqi officials and U.N. inspectors trying to determine whether Baghdad has dismantled its proscribed weapons programs.

On Tuesday, the Security Council demanded that Iraq provide "immediate, unconditional and unrestricted" access for U.N. inspection teams.

The access issue is not directly related to the "oil-for-food" talks, since Iraqi compliance with the weapons ban is not required for an agreement on limited sales.

But continued Iraqi defiance on the inspection issue strengthens the position of the United States, Britain and others who insist that Baghdad be cut no slack on terms of the "oil-for-food" offer.

The Iraqis appear to be counting on Boutros-Ghali, an Egyptian, to help overcome the impasse over food distribution. Al-Anbari complained that an agreement could have been reached last week had Boutros-Ghali not been traveling abroad.

But Boutros-Ghali cannot afford to anger the United States, especially on an issue such as Iraq on which Washington holds strong views.

Boutros-Ghali's term as secretary-general expires in December. Under U.N. rules, the United States or any of the other four permanent council members v Russia, Britain, France and China v could block his re-election.

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EDITOR'S NOTE v Robert H. Reid is the AP's chief correspondent at the United Nations.

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[Athens]

APW VVV55 Aa a---- Iraqi Official Says Major Differences R 04-04 9-14p

BC-UN-Iraqi Oil, 1st Ld-Writethru, 0595

Iraqi Official Says Major Differences Remain With UN On
Oil-For-Food Deal

Eds: UPDATES with UN saying no sign Iraqis will send a political
heavyweight to talks in grafts 10-12. No pickup.

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Iraq's deputy prime minister was quoted
Thursday as saying "very important" differences remain over the
U.N. oil-for-food plan, raising doubt whether a deal can be struck
when talks resume here next week.

U.N. and Iraqi officials begin a third round of negotiations
Monday on a Security Council offer to allow Iraq to sell 1
billion of oil over 90 days to buy food and medicine.

The council banned oil sales in 1990 following Iraq's invasion
of Kuwait, which touched off the Gulf War. The council says
sanctions will remain until Iraq has complied with various
directives, including dismantling its weapons of mass destruction
programs.

In an interview published Thursday by the French newspaper Le
Monde, Tariq Aziz, Iraq's deputy prime minister, said the
differences "which persist between the two parties remain very
important" and involve "the very integrity and sovereignty of our
country."

The differences revolve around the distribution of food and
medicine to three northern provinces, the stronghold of the ethnic
Kurdish minority. The Kurds have been battling Baghdad for decades.

Iraq has demanded that President Saddam Hussein's government
distribute supplies to the Kurds under U.N. supervision. That would
underscore Baghdad's position that the Kurdish areas are integral
parts of Iraq.

The United Nations wants to distribute humanitarian supplies
directly to the Kurds to ensure they receive their fair share.

Aziz said the United Nations recognizes the Kurdish regions as
part of Iraq and "the agreement must reflect this reality."

Aziz is considered an influential figure in Iraqi
decision-making, and his comments indicate that Saddam's regime
remains unwilling to accept a major condition of the U.N. offer.

In another sign that Iraq may be unwilling to accept the U.N.
position on food distribution, U.N. spokesman Ahmad Fawzi said
Thursday that as far as the United Nations knew, Iraq would not be
sending any high-level political figure such as Aziz to the third
round of talks.

Fawzi said it appeared the Iraqi delegation would be led by
Abdul Amir al-Anbari, a former ambassador to the United Nations who
represented Baghdad at the two previous rounds.

U.N. diplomats doubt al-Anbari has the authority to take a major
decision without clearing it with Baghdad.

The upcoming round was scheduled so that Secretary-General
Boutros Boutros-Ghali, an Egyptian, could be at U.N. headquarters.
During last month's round, Boutros-Ghali was in Europe and the
Middle East.

Al-Anbari complained at the time that progress could not be made
on the issue because the secretary-general was abroad.

Western diplomats, speaking on condition of anonymity,
speculated that the Iraqis hope that Boutros-Ghali can persuade
council members to soften their opposition to Iraq's distribution
position.

During his interview, Aziz blamed the United States for blocking
a deal, even though Washington is not directly involved in the
negotiations.

"They're the ones blocking things," Aziz said. "They work
behind the scenes, conspire against Iraq and use every means to
sabotage our efforts."

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^Ball in Saddam's Court as U.N.-Iraqi Oil Talks Shift To Political Phase<

^Eds: UPDATES with Albright quotes in Geneva<

^An AP News Analysis<

^By ROBERT H. REID=

^Associated Press Writer=

UNITED NATIONS (AP) ÷ As "oil-for-food" talks move from the technical to the political realm, Iraqi President Saddam Hussein must now decide whether to accept a U.N. offer which he has long found unpalatable.

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But the Security Council refuses to lift sanctions entirely until it is satisfied Iraq has dismantled its program to build weapons of mass destruction.

On Tuesday, U.N. Secretary-General Boutros Boutros-Ghali said in Geneva that he was optimistic the talks would produce an agreement because "I believe that the people of Iraq are suffering."

But Iraq's suffering people are only part of the equation. Other forces at play include big power politics, the survival of Saddam's regime and ÷ from the Iraqi perspective ÷ the sovereignty of the country.

U.N. and Iraqi officials say the main stumbling block is the system for distributing food and medicine, particularly to Iraqi Kurds in three northern provinces.

The United Nations has insisted that 130 to 150 million worth of aid be earmarked for the Kurds, who have been fighting the Baghdad government for decades.

Iraqi officials are willing to go along with that, but they also say the United Nations wants the aid to be distributed free in the Kurdish areas. Iraq wants the aid distributed as part of its internal rationing system.

Iraqi chief negotiator Abdul Amir al-Anbari said the U.N. plan would violate the Security Council's own conditions that aid be distributed equitably throughout the country ÷ Iraqis elsewhere will pay a nominal fee for the food and medicine.

Privately, the Iraqis claim the plan is a thinly veiled move by the United Nations, under pressure from the Americans and other Western countries, to encourage the ethnic division of Iraq and the ultimate breakup of the country.

They believe that Western countries, especially the United States, are bitter that Saddam remains in power more than five years after his defeat by the U.S.-led coalition in the Persian Gulf conflict.

But Western diplomats, speaking on condition of anonymity, say they do not want Saddam's regime to use the aid to restore control of the largely autonomous north.

In Geneva, U.S. Ambassador Madeleine Albright told reporters Wednesday that the United Nations had to be in control of distribution. "The purpose of (the U.N. offer) is not to fill Saddam Hussein's coffers or feed his cronies but to feed the people of Iraq," she said.

She said the outcome of the talks had come down to the question of "whether Saddam Hussein will take yes for an answer."

Iraq's position has been weakened by recent standoffs between Iraqi officials and U.N. inspectors trying to determine whether Baghdad has dismantled its proscribed weapons programs.

On Wednesday, Rolf Ekeus, the United Nations' chief weapons inspector, told a Senate Armed Services subcommittee in Washington that Iraq may have up to 16 missiles armed with biological warheads hidden on fast-moving trucks despite Baghdad's assertion it has scrapped all such weapons.

The Security Council has demanded that Iraq provide "immediate, unconditional and unrestricted" access for U.N. inspection teams.

The access issue is not directly related to the "oil-for-food" talks, since Iraqi compliance with the

answer.

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The Iraqis appear to be counting on Boutros-Ghali, an Egyptian, to help overcome the impasse over food distribution. Al-Anbari complained that an agreement could have been reached last week had Boutros-Ghali not been traveling abroad.

But Boutros-Ghali cannot afford to anger the United States, especially on an issue such as Iraq on which Washington holds strong views.

Boutros-Ghali's term as secretary-general expires in December. Under U.N. rules, the United States or any of the other four permanent council members - Russia, Britain, France and China - could block his re-election.

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EDITOR'S NOTE - Robert H. Reid is the AP's chief correspondent at the United Nations.

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[Kurds]

APW VVV51 Aa ----- US Says Iraq's Food Distribution Plan " 07-01 6:12p

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US Says Iraq's Food Distribution Plan "Unacceptable"

Eds: COMBINES urgent series

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Iraq's resumption of oil exports to buy food and medicine for its people hit a major snag Monday when the United States said it opposes Baghdad's plan for distributing goods bought with the profits.

Iraq accepted a U.N. offer in May that would allow it to export 400 million dollars worth of oil to buy humanitarian goods to alleviate the effects of six years of U.N. sanctions imposed after the 1990 invasion of Kuwait.

But before the oil can flow, the United Nations must approve an Iraqi distribution plan and draw up a separate list of procedures governing exports. Last week, Iraq submitted a 700-page distribution plan.

On Monday, however, U.S. spokesman James Rubin said the United States finds the Iraqi distribution plan "unacceptable" because "it contains several provisions that make it clear Iraq is not serious at this point as far as implementing" the oil deal.

He accused the Iraqis of "trying to backtrack" on provisions of the May agreement and of trying "to turn this humanitarian exception into a partial lifting of sanctions."

U.N. diplomats said the Iraqis wanted to import computers, oil-drilling equipment, telecommunications, spare parts and other supplies not specifically authorized in the agreement.

In addition, the Iraqis wanted food and medicine earmarked for dissenting Kurds in the north to funnel through Baghdad.

The agreement makes the United Nations responsible for distributing supplies to Iraqi Kurds, who have been fighting the Baghdad government for decades.

Last Friday, Iraqi envoy Abdul Amir al-Anbari expressed concern over delays in allowing Iraq to resume exports. He also accused unspecified countries, presumably the United States and Britain, of delaying exports.

"I am concerned because everyone was hoping they would finish before the end of May or early June," said al-Anbari, who negotiated the oil deal.

Al-Anbari expected to meet U.N. Undersecretary-General Chinmaya Gharekhan on Monday or Tuesday to get a better idea whether approval of the distribution plan will be delayed.

Although Secretary-General Boutros-Boutros Ghali, not the United States, must approve the distribution plan, U.S. opposition is expected to affect the U.N. decision because of Washington's strong influence in the world organization.

U.N. officials have made no comment on the plan.

During the oil-for-food talks, which began last February, British and American diplomats objected to potential "loopholes" that Iraq could exploit to buy materials barred under U.S. sanctions.

They also insisted that procedures for monitoring food distribution be insure that opponents of President Saddam Hussein received their fair share.

British and American diplomats, speaking on condition of anonymity, insist they want Iraq to be able to resume oil sales as soon as possible. But they also say U.N. procedures must not allow Iraq to circumvent sanctions.

Those sanctions were imposed to force Iraq to comply with U.N. demands to dismantle long-range missiles and programs to develop nuclear, chemical and biological weapons and make full disclosure of those programs.

Last month, chief U.N. weapons inspector Rolf Ekeus said his team believed Iraq was still hiding information about its weapons programs.

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^UN Weapons Inspector Asks Turkey to Notify UN on Exports to Iraq<

ANKARA, Turkey (AP) — The chief U.N. arms monitor said Saturday that he asked Turkey to notify the United Nations about any materials exported to Iraq under an aid-for-oil deal.

“There are items which can be very dangerous in the hands of a reckless government,” Rolf Ekeus told reporters. “If we are just informed, we can control that they were not misused.”

Under an agreement reached last month by Iraq and the United Nations, Iraq is allowed to buy food and medicine with petroleum sales of dlr 2 billion to ease the effects of sanctions for its invasion of Kuwait in 1990.

An Iraqi-Turkish pipeline is being reopened under the agreement and goods are expected to flow from Turkey to Iraq.

“Medicine is harmless but can also be used in producing biological weapons,” Ekeus said.

Ekeus said he also discussed with Turkish officials Iraq’s compliance with the weapons destruction program.

He said the most recent crisis, refusal of access to government ministries and sensitive military bases by monitors, appears to be solved.

“Now I am optimistic, but we still suspect Iraq is hiding a small amount, but highly significant, set of weapons,” Ekeus said, repeating earlier assessments.

(sh/djw)

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^Chief U.N. Weapons Inspector Hopes Iraq Will Keep Promises<

KUWAIT (AP) -- The chief United Nations weapons inspector said Sunday he hoped Iraq would follow through on its promises not to obstruct the dismantling of Baghdad's weapons of mass destruction.

According to the agreement that was reached after a standoff earlier this month between U.N. inspectors and Iraqi authorities, the inspectors must be given unlimited access to suspect sites.

"It is an important step and we hope it will be translated into practice," Rolf Ekeus said.

Ekeus, a Swede who heads the special commission charged with dismantling Iraq's secret weapons programs, was attending a celebration marking the 50th anniversary of Kuwait's first oil shipment.

He said his team still "has concerns about items which have not been accounted for," including missiles and chemical weapons.

Ekeus was meeting with the emir, Sheik Jaber al-Ahmed al-Sabah, and other senior officials during his two-day visit to Kuwait, which is his fourth since the small state was liberated in February 1991 from a seven-month Iraqi occupation.

He said he wanted to explain to the Kuwaiti leadership the most recent developments and inform them of his team's "expectations and plans for the future."

Baghdad has to convince the U.N. it has destroyed its arsenal of mass destruction weapons before the world body will consider completely lifting the comprehensive sanctions imposed following the 1990 invasion of Kuwait.

AP-LD-06-30-96 0834GMT<

[Turkey]

ARW VVV41 Aa ----- Western Diplomats Hint There May Be Pro 06-28 10:21p

BC-UN-Iraq,0568

Western Diplomats Hint There May Be Problems With Iraq's
Distribution Plan

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Despite accepting the oil-for-food deal, Iraq's return to world oil markets may be delayed because of Western concern over the way it plans to distribute supplies bought with the profits, Western diplomats said Friday.

On May 20, Iraq accepted a U.N. plan allowing it to sell dlrs 2 billion worth of oil for an initial 180-day period to buy humanitarian supplies for its people suffering the effects of six years of U.N. sanctions imposed after the 1990 invasion of Kuwait.

Revenues from the oil sale will also be used to pay war reparations to Kuwait and cover the costs of U.N. monitoring operations in Iraq.

But Iraqi oil cannot begin flowing until a Security Council committee finishes a plan on such issues as how contracts are approved and sets up a system to make sure Iraq does not import banned items under the guise of humanitarian goods.

The committee is expected to finish the plan next week.

In addition, a separate U.N. committee headed by U.N. Undersecretary-General Chinmaya Gharekhan must sign off on an Iraqi plan for distributing food and medicine make sure all every Iraqi receives a fair share.

On Thursday, senior Iraqi diplomat Abdul Amir al-Anbari, who negotiated the oil-for-food deal, submitted a 700-page plan for distributing humanitarian supplies.

The United Nations has not commented officially on the plan. But some Western diplomats, speaking on condition of anonymity, said they were concerned about parts of the Iraqi plan.

"Our biggest worry is that it is based on the current government rationing system," one diplomat said on condition of anonymity. "We know this is abused."

Except in areas of northern Iraq controlled by rebellious Kurds, Iraq uses a rationing system, under which Iraqis pay a nominal price for coupons which are redeemed for food.

The diplomat said Iraqi soldiers and supporters of President Saddam Hussein receive more coupons. He also said the Iraqis were asking for improvements to their irrigation, electricity, communications, oil transport and sewerage systems.

"We presume Iraq will try to broaden the definition of humanitarian goods and create loopholes," another Western diplomat said, also on condition of anonymity. "And we presume we will have to close the loopholes."

During the oil-for-food negotiations, the United States and Britain raised objections to what they considered "loopholes" tentatively accepted by U.N. negotiators.

Anticipating similar problems, al-Anbari accused unnamed countries of trying to "rewrite" the May agreement. He insisted that Iraq's plan "guarantees equitable distribution throughout the country, throughout the population of Iraq."

Al-Anbari, who is based in Paris, said he would remain in New York as long as necessary to make sure the United Nations approves the distribution plan.

When the oil-food deal was signed last month, al-Anbari and other Iraqi officials optimistically predicted that Baghdad could resume exports within a few weeks.

But Western diplomats, speaking on condition of anonymity, predicted it could take up to two months.

BC-UN-Iraq, 0580

Iraq's Return To Export Markets Still Awaited A Month After Oil-For-Food Deal

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - More than a month after accepting the oil-for-food deal, Iraq is still awaiting a U.N. go-ahead to resume petroleum exports to buy food and medicine to ease the effects of sanctions imposed after the 1990 Kuwait invasion.

After rejecting the offer for years, Iraq accepted a U.N. plan May 20 allowing it to sell dlr 2 billion worth of oil for an initial 180-day period to buy humanitarian supplies for its people suffering the effects of six years of U.N. sanctions.

Iraq's return to oil markets is expected to dampen gasoline price rises worldwide.

But a Security Council sanctions committee is still working out details of the agreement. Among other things, the committee must decide how to approve oil sales contracts and make sure Iraq does not use the profits to smuggle in weapons and other materials still banned under sanctions.

In addition, a separate committee headed by U.N. Undersecretary-General Chinmaya Gharekhan must approve a separate Iraqi plan for distributing food and medicine.

Iraq submitted a 700-page distribution plan Thursday.

"It's very clear that the U.N. should be satisfied mainly that it guarantees equitable distribution throughout the country, throughout the population of Iraq," senior Iraqi diplomat Abdul Amir al-Anbari said when he delivered the plan Thursday.

The United States and other key council members have insisted that food and medicine be equitably distributed and not targeted exclusively to the Iraqi armed forces or supporters of President Saddam Hussein.

Up to dlr 150 million of the profits must be distributed by the United Nations to Iraq's Kurdish minority, which has been battling the government for decades.

That demand had been the major stumbling block to an accord because Iraq said the U.N. plan would threaten its national sovereignty.

Revenues from the oil sale will also be used to pay war reparations to Kuwait and cover the costs of U.N. monitoring operations in Iraq.

Al-Anbari, who is based in Paris, said he would remain in New York as long as necessary to make sure the United Nations approves the distribution plan. Western diplomats say the sanctions committee will probably finish its plan next week.

When the oil-food deal was signed last month, al-Anbari and other Iraqi officials optimistically predicted that Baghdad could resume exports within a few weeks.

Al-Anbari complained Thursday that unnamed countries, presumably the United States and Britain, were seeking to "rewrite" parts of the May deal. He noted that the sanctions committee had met 26 times since May but had still not approved its plan.

But Western diplomats, speaking on condition of anonymity, denied any effort to delay the deal. They had predicted last month that it would take about two months to work out details enabling Iraq to return to world markets.

Meanwhile, Iraq has been shopping around for food and supplies once both the sanctions committee plan and the distribution formula have been approved.

On Friday, Iraqi Trade Minister Mohammed Mehdi Saleh said Indonesian companies are invited to supply agricultural equipment and pesticides, both of which would be authorized under the oil-for-food deal.

Lankara]

APW VVV24 Aa ----- Iraq's Gulf Oil Export Terminal Ready: 06-25 10:14p

BC-Iraq-Oil,0294

Iraq's Gulf Oil Export Terminal Ready: Report

BAGHDAD, Iraq (AP) - Iraq said Tuesday it had completely rehabilitated its southern oil export terminal of Mina Al-Bakr to receive and load big tankers when it resumes exports under an oil-for-food deal it reached with the United Nations last month.

The official Iraqi News Agency quoted Oil Minister Amer Mohammed Rashid as saying 350,000-ton capacity tankers can now berth and load oil safely from the Mina Al-Bakr terminal.

"The terminal has been completely rehabilitated, including loading systems, berth of tankers and safety systems," he said.

Under the oil-for-food deal reached with the U.N. Security Council, Iraq will export dlr 2 billion worth of oil for an initial six-month period to buy food and medicine.

These supplies are desperately needed nearly six years after the United Nations imposed harsh economic sanctions, including a ban on vital oil exports, on Iraq for invading Kuwait in 1990.

The world body will consider lifting the sanctions only if Iraq destroys its mass destruction weapons, accounts for some 600 people Kuwait says have disappeared during the 1990-91 Gulf crisis and pays war reparations.

Rashid said last month that Iraq - under the May 20 oil-for-food deal - planned to export about 800,000 barrels of oil per day through an Iraqi-Turkish pipeline and from the offshore Mina Al-Bakr terminal in the northern tip of the Gulf.

Iraq last month reported the pipeline to be in functioning condition.

Soon after announcing the deal with the Security Council, Iraq said it was ready to begin exporting oil this month, but this is now not expected to happen before sometime next month.

[Cyprus]

APW VVV37 Aa ----- OPEC Ministers Call For Action On Iraq' 06-06 3:28p

BC-OPEC, 1st Ld-Writethru, 0504

OPEC Ministers Call For Action On Iraq's Return

Eds: UPDATES throughout with fresh comments; OPEC meeting at 1300 GMT

By DIRK BEVERIDGE

AP Business Writer

VIENNA, Austria (AP) - Iraq made bold predictions Thursday about its imminent return to the oil market, and others in OPEC suggested the cartel should move quickly to accommodate the Iraqis.

Analysts said crude oil prices could plunge if Iraq barges back into the market without any cutbacks from others in OPEC - but ministers have voiced some sharp differences over how to proceed.

The Organization of the Petroleum Exporting Countries scheduled discussions in the afternoon, following a session on Wednesday that broke up after just a few minutes.

"This problem is getting bigger and bigger," said an Iranian delegate. "We have to understand the position - Iraq is back. Now we have to solve this problem."

Iran has suggested that OPEC members who gained the most from Iraq's six-year absence from the oil market, namely Saudi Arabia, should make the biggest cuts to let Iraq ease back in. The Iraqis were forced out of the market by U.N. sanctions imposed over Iraq's invasion of Kuwait.

The Saudis have sought to persuade others that strong global demand will help solve the problem with no major sacrifices by the others.

The Iranian delegate, speaking on condition of anonymity, said Iran is very concerned about the price, as a dlr 1 fall in the price of a barrel costs Iran dlr 1 billion a year - and too much oil can push the price lower.

"We say two plus two equals four," the Iranian said. "We don't know what they (the Saudis) say."

Kuwait, which was occupied by Iraqi troops in August 1990, agreed it was time to come to the terms with Iraq's return.

"If they are serious, they should address this issue today, then then other issues," a Kuwaiti delegate said. Another delicate issue for OPEC is the quota cheating by some members that could undermine the price if it is not stopped when Iraqi oil flows again.

Meanwhile, Iraq's oil minister, Amer Mohammed Rasheed, is lobbying hard for the eventual day Iraq can again become a petroleum superpower.

Rasheed says Iraq is now producing 700,000 barrels a day for domestic consumption, and it soon will pump an additional 800,000 barrels a day to sell oil under a deal with the United Nations that will provide food and medicine for suffering Iraqis.

Rasheed predicted to reporters Thursday that the U.N. sanctions against his nation will be loosened over coming months, and he said that within a year, Iraq could be back to its pre-Gulf War production level of about 3.5 million barrels a day.

Rashees said he was talking to "all" oil companies about Iraqi crude deals. Pressed as to whether this includes U.S. oil giants such as Exxon, Texaco and Mobil, Rasheed deadpanned that reporters should look up the word "all" in a dictionary.

061229 Jun GMT

[Greek]

APW VVV34 Aa ----- American Firms To Be Permitted To Bid O 06-05 10:24p

BC-US-Iraq

American Firms To Be Permitted To Bid On Iraqi Oil

By BARRY SCHWEID

AP Diplomatic Writer

WASHINGTON (AP) - American firms are free to bid on the dlr 2 billion in crude oil Iraq will be permitted to sell in the next six months, but Saddam Hussein will not see any of the proceeds, the Clinton administration said Wednesday.

The "oil-for-food" deal initially was proposed by the administration to ease the suffering of Iraqi people under worldwide trade sanctions. All proceeds must be used to buy food and medicine for the Iraqi people or for reparations to Kuwaitis, Kurds and Iraqi Shiites who were victims of Iraqi aggression.

Hussein will not be able to use the money to build new palaces to add to the 15 he already has, State Department spokesman Nicholas Burns said in making the announcement.

The American firms can bid for the oil and sell machinery to extract it from the world's second largest oil producer. The money will be held in escrow for distribution as reparations and for humanitarian purposes.

"Saddam Hussein will not see a penny of this money, not a penny," Burns said.

International oil prices have been high, and other oil producers are hoping Iraq's return to the market will not crimp their profitable run.

Iraq's oil minister, Amer Mohammed Rasheed, has predicted his country will be pumping 1.5 million barrels of crude a day by the end of the month.

Burns said U.N. sanctions, imposed to punish Iraq for seizing Kuwait six years ago - the annexation was reversed in a U.S.-led war - would remain in place.

Iraq is being allowed to export 1.2 million barrels a day, which is one-third its output before the Persian Gulf.

The proceeds are supposed to reduce malnutrition but are unlikely to bring about a normal life in Iraq, where sanctions have devastated the economy and left many of its 20 million people without adequate food and medicine.

The agreement allows Iraq to sell dlr 2 billion in crude oil for an initial 100-day period to buy supplies under rigorous U.N. controls.

Some dlr 800 million of the money will go to pay war reparations to victims of Iraqi aggression and to fund U.N. operations in Iraq.

That leaves about dlr 10 a month for each Iraqi, the average salary in the country. The proceeds may help stabilize food prices and Iraq's wildly fluctuating currency, Iraqi Trade Minister Mohammed Mehdi said recently.

051925 Jun GMT

[Greece]

APW VVV34 Aa ----- Iran in Oil Consortium Could Trouble US 06-05 10:57p

BC-Azerbaijan-Oil

Iran in Oil Consortium Could Trouble US Firms

BAKU, Azerbaijan (AP) - Iran's participation in an international oil consortium to develop a Caspian Sea gas field could cause complications for U.S. companies in the region, a U.S. official said Wednesday.

U.S. laws discourage cooperation with Iran, but all oil projects in Azerbaijan will have to share the same infrastructure, said Charles Curtis, U.S. undersecretary of energy.

The international consortium signed a production sharing agreement Tuesday in Baku to develop the Shakh-Deniz gas field off Azerbaijan.

British Petroleum PLC and Norway's Statoil A/S each hold 25.5 percent interests in the project.

Iran's state oil company has 10 percent, as do France's Elf Aquitaine, Russia's Lukoil and Azerbaijan's national company. Turkey's TPAO has a 9 percent stake.

U.S. companies are involved in two offshore oil projects in Azerbaijan, the Interfax news agency said. Pennzoil has a 30 percent share in one, and Amoco has a 17 percent share in the other, while Unocal, Ramco and Exxon also are involved, the report said.

Curtis spoke at a news conference in Baku, where he was attending an international oil and gas exhibition.

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^Iraqi-Turkish Oil Pipeline Fully Ready For Reopening<

ANKARA, Turkey (AP) — Turkey's state pipeline company Botas said Wednesday that repairs have been completed on an oil pipeline that is expected to reopen under a recent U.N.-Iraq agreement.

“Both sides (Iraq and Turkey) are ready, we can start operation in an hour after the U.N. gives the green light,” Kaya Ozel, head of a Botas delegation which just returned from Iraq, told The Associated Press.

Ozel said repairs to cracks in the line were finished Wednesday.

The 986-kilometer (620-mile) pipeline, from Iraq's northern oil city of Kirkuk to Turkey's Mediterranean port of Ceyhan, was shut down following Iraq's invasion of Kuwait in 1990.

Ozel said they also restored telecommunication links between the main pumping station in Kirkuk and Ceyhan.

Two technicians from the Turkish delegation stayed in Kirkuk to help the Iraqis when the pipeline reopens.

Iraq and the United Nations signed an agreement two weeks ago to let Iraq sell dlr 2 billion worth of oil over an initial six-month period to buy food and medicine for its people.

(sh/vls)

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^Iraq Hopes To Begin Oil Exports By Mid-June<

^Eds: UPDATES with Iraq discussed gas sales to Turkey, Europe; new
tail, quotes<

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) — Iraq said Thursday it hopes to resume oil exports by mid-June under an oil-for-food deal it reached with the United Nations 10 days ago and has begun loading a pipeline to Turkey to carry the oil.

Underlining Iraq's readiness to resume oil sales, Iraqi Oil Minister Amer Mohammed Rashid said: "If they say export tomorrow, we'll do."

"But as you know there's the list of procedures which are issued by the (U.N.) Sanctions Committee and which allocates supervisors to monitor the contracts."

"Now we hope that in mid-June we will resume exports," he told a news conference in the Iraqi capital Baghdad.

Analysts and diplomats have said it would take up to eight weeks after the deal was signed for Iraq to start exporting crude because of the time needed for U.N. personnel to arrive in Iraq and establish a monitoring system to supervise the sales.

Rashid said Iraq began loading the Turkish section of an Iraqi-Turkish oil pipeline on Thursday in preparation for resuming exports.

The loading requires three to five days and the process is aimed at testing the pipeline and restoring the pressure inside it, the minister said.

He said Iraq had already finished loading the Iraqi section of the 620-mile (990-kilometer) pipeline which runs from Iraq's northern city of Kirkuk to Turkey's Mediterranean port of Ceyhan.

Rashid said Iraq planned to export 440,000 to 450,000 barrels of oil daily from Ceyhan and 330,000 barrels a day from its offshore Mina Al-Bakr terminal in the northern Gulf.

Under the oil-for-food deal signed May 20, Iraq will export oil worth \$1 billion every 90 days for an initial six-month period to buy desperately needed food and medicine.

The deal came nearly six years after the U.N. Security Council imposed sanctions on Iraq, including a ban on vital oil exports, following its 1990 invasion of Kuwait.

About 40 percent of the oil sale proceeds will go toward war reparations and the cost of U.N. operations in Iraq.

For the sanctions to be lifted completely, Iraq has to convince the United Nations that it has dismantled its arsenal of mass destruction weapons, pay war reparations in full and account for some 600 people missing from Kuwait.

Outlining Iraq's post-sanctions plans, Rashid said Iraq wants to export six million barrels of oil a day — nearly twice its pre-embargo output.

"To export six million barrels, we have to develop our fields and this needs funding of up to \$20-25 billion over 15 years," he said.

Rashid said he discussed building a natural gas pipeline to meet Turkey's and possibly northern Europe's needs when he visited Ankara in March.

"Iraq is a country rich in gas, not only oil. It's in the interests of the region and Europe to make use of Iraq's gas potential," he said.

Iraq's proven gas reserves stood at 109.5 trillion cubic feet (3.1 trillion cubic metres) at the end of 1992.

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[Iraq]

AP VVV85 Aa ----- Iraq-Kuwait,0169

11-22 10:12p

Iraq Blames U.S.-Led Forces for Setting Oil Wells on Fire

BAGHDAD, Iraq (AP) - Iraq's foreign minister insists that the U.S.-led coalition - and not retreating Iraqis - set fire to more than 700 oil wells in the last days of the 1991 Gulf War.

The burning wells that darkened the skies over Kuwait took months to put out, setting back Kuwait's plan to rebuild its oil industry.

But Foreign Minister Mohammed Saeed al-Sahaf said U.S.-led forces bombed the wells during the war, possibly to prevent the Iraqi army from using them.

"The fact that allied forces bombed the wells is becoming more concrete day after day," al-Sahaf said in a statement published Friday in Iraqi newspapers. He did not say what evidence Iraq has of allied involvement.

Iraq invaded Kuwait on Aug. 2, 1990, and occupied the emirate for seven months before a U.S.-led invasion drove its troops out.

It is generally accepted that Iraq set fire to the wells.

Crude And Products Sink On Report Iraq Oil Sale Progress

By CLIFF EDWARDS

AP Business Writer

NEW YORK (AP) - Crude and heating oil futures fell Friday on the New York Mercantile Exchange amid reports American objections to renewed oil sales by Iraq have been largely satisfied, possibly paving the way for exports to start by year's end.

Unleaded gasoline and natural gas futures rose, while copper futures retreated.

Various news services this week have reported Iraq soon would be allowed to sell dlr's 2 billion in oil over six months. The United Nations imposed an oil embargo against Iraq after that country invaded Kuwait in 1990.

Negotiations to allow Iraq to resume limited oil sales to pay for food and medicine had been stalled for months. But Bridge News, late Friday quoted unnamed Western and Arab diplomats as saying the United States' concerns about a pricing mechanism for the sale have been addressed. U.S. approval is necessary because it sits on the 15-member U.N. sanctions committee.

The Western diplomat also said U.N. Secretary General Boutros Boutros-Ghali is close to finalizing all terms to the deal, which originally was reached on May 20.

There have been persistent reports this week of a possible deal, but the market still remains a bit skeptical, said Gerald E. Samuels, managing director of trading at ARB Oil Inc. in Los Angeles.

"It's become pretty clear in the last week that something is going on here," Samuels said. "But is this the real thing or just another step forward before going three steps back?"

Unleaded gasoline futures had led other energy futures higher most of the session amid concern about supply tightness in the New York area going into December, the second-heaviest demand period. An expected cargo from France has been delayed, and some refineries were reporting problems that could affect production.

Natural gas futures prices for the seventh consecutive session as cold weather continued to cut into low inventories ahead of the peak demand period.

Natural gas in storage is 6.5 percent below levels a year ago, according to the American Gas Association, and supplies are being withdrawn at a time when they should be building. Storage is only 69 percent of capacity in the Midwestern region, where the majority of the heating fuel is used.

Light, sweet crude for January delivery fell 9 cents to dlr's 23.75 a barrel, erasing a 47-cent gain. December heating oil fell 1.06 cents to 72.79 cents a gallon; December unleaded gasoline rose .76 cent to 67.80 cents a gallon; January natural gas rose 13.3 cents to dlr's 3.437 for each 1,000 cubic feet.

Copper futures retreated despite another large decline in stocks in London Metal Exchange warehouses.

The exchange reported early Friday that copper stocks fell a new 2,225 tons since Tuesday, leaving just 93,900 tons available.

The decline was in line with expectations, prompting additional profit-taking that has occurred this week following sharp gains on the continuing drawdown, said analyst John Tyree at Fimat Futures USA.

The London exchange seen supplies fall to their lowest level in more than six years since the beginning of September.

The declines first were believed to be a move by speculators to buy supplies cheaply and sell them for a profit later, but most analysts now believe the metal is being moved out of exchange warehouses for eventual use.

December high-grade copper fell 1.30 cents on the Merc to dlr's 1.045 a pound.

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[Iraq]
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UN: Iraq Raises New Obstacle To Implementation Of Oil-For-Food Deal

By ROBERT H. REID
Associated Press Writer

UNITED NATIONS (AP) - Iraq has raised a new obstacle to the long-delayed "oil-for-food" deal, saying it will not make concessions on key issues until a U.N. committee approves a formula for setting the price of oil sold under the plan.

Western diplomats, speaking on condition of anonymity, said the Iraqi position raises questions whether Iraqi President Saddam Hussein really wants the oil-for-food deal to take effect despite Baghdad's statements that it does.

Last May, Iraq accepted a U.N. plan allowing it to sell dlrs 2 billion worth of oil for an initial 180-day period to buy food and medicine for its people suffering the effects of six years of U.N. sanctions.

Those sanctions, including an oil embargo, were imposed in 1990 after Iraq invaded Kuwait. The sanctions will remain in effect until the United Nations determines Iraq has complied with orders to destroy weapons of mass destruction.

Although Iraq accepted the plan five months ago, implementation has been delayed for several reasons.

Last month, President Clinton said the plan was on hold after Saddam sent troops into a Kurdish protected area of northern Iraq to support one Kurdish rebel faction against another.

U.N. and Iraqi officials had also not reached agreement on numerous technical issues, including the pricing formula, the numbers of U.N. inspectors to supervise distribution of humanitarian supplies and their working conditions.

Last month, Iraq submitted a formula under which U.N. experts would set the price based on market rates for various benchmark crudes. The United States held up a decision on the plan, telling a U.N. committee it needed more time to study the plan.

On Wednesday, U.N. Undersecretary-General Chinmaya Gharekhan told reporters that the Iraqis were now saying that until the pricing formula is settled, they will not agree on the number of U.N. personnel permitted to monitor the plan in Iraq nor offer guarantees of freedom of movement.

"Until and unless the pricing formula is approved by the committee, Iraq cannot move ahead with implementation (of the plan)," Gharekhan said. "At the same time Iraq has said they would want to continue discussions on other questions."

Gharekhan said the Iraqis told the United Nations that agreement on the pricing formula would "create a better atmosphere" for resolving other issues.

But a Western diplomat, speaking on condition of anonymity, said it appeared Iraq was trying to scuttle the plan and shift the blame to the United States.

"It seems so doubtful that the Iraqis are being honest on what they are wanting to do," he said. He noted that Iraq refused to accept the oil-for-food plan for nearly five years, saying it would infringe on its sovereignty.

European countries have been anxious for the plan to go through because it would ease the suffering of the Iraqi people. It would also enable Iraq to resume repaying millions of dollars in debts to France and other, mostly European countries.

Iraq has repeatedly charged that the United States and Britain have tried to block the plan. Both U.S. and British officials deny the charge.

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^Iraq, Turkey In Transport Agreement _ Newspaper<

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Iraq has agreed to set up joint transport companies with Turkey and buy 300 Turkish trucks as part of its preparations for an oil-for-food deal signed with the United Nations in May, a government newspaper reported Friday.

The al-Thawra daily said the agreement was signed in Turkey earlier this week by Sami Abdullah, the director general of Iraq's Land Transportation Co., and Turkish officials.

The newspaper gave no further details on the agreement to set up the joint companies or disclose the value of the 300 trucks or the method of payment.

The oil-for-food deal allows sanctions-hit Iraq to sell dlrs 2 billion worth of oil over an initial 180-day period to buy food and medicine for its 20 million people.

The deal, which represents a reprieve from crippling U.N. sanctions imposed on Iraq shortly after it invaded Kuwait in 1990, has been delayed several times and is now not expected to be implemented before late this year or early in 1997.

"The Iraqi delegation had met with Turkish companies to prepare their trucks for transporting food and medicine as per the oil-for-food deal," Abdullah, the head of the Iraqi Land Transportation Co., was quoted as saying by al-Thawra.

"The delegation has agreed with the Turkish side to buy 300 new trucks to boost Iraq's present capacity for transportation.

"We have also agreed on the establishment of joint venture transporting companies," he said.

The delay in implementing the oil-for-food deal is compounding the economic hardships faced by most Iraqis, whose lives under sanctions have been reduced to a struggle to make ends meet.

The uncertainty over the deal has also caused the dinar, Iraq's currency, to plummet and prices to sharply go up in the past two weeks.

Baghdad's money changers were offering 1,650 dinars for a single U.S. dollar on Friday, a decline by more than 100 dinars compared to last Sunday's rate.

The dinar remains pegged officially at 450 to the dollar, but this rate is only applied at hotels and banks.

Under the sanctions, Turkey has emerged as a major source of food and other basic commodities for Iraq.

In what is commonly known as "the border trade" but is in effect a sanctions-busting racket, Turkish truckers bring food and other items into Iraq and return home with cheap oil products which they sell at a vast profit in Turkey.

Jordan, Iraq's western neighbor, is allowed by the United Nations to buy its entire oil needs _ 75,000 barrels per day _ from Iraq. It pays for the oil in food and medicine, which are exempt from the sanctions.

Turkey, which says the sanctions have cost it about dlrs 27 billion in economic losses, had asked the United Nations to grant it an exemption to the sanctions on Iraq similar to the one enjoyed by Jordan. No decision has yet been made on the request.

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10-10 1:31a

UN Says Conditions Not Yet Right To Start Iraq Oil-For-Food Plan

UNITED NATIONS (AP) - Conditions in northern Iraq are still too unsettled to allow the United Nations to give the go-ahead for Baghdad to resume oil sales to buy food and medicine, a senior U.N. official said Wednesday.

"We are not looking for perfect conditions in which to operate," Undersecretary-General Chinmaya Gharekhan said after briefing the Security Council. "But we will insist on certain minimum conditions to be established on the ground before we can consider starting this whole process. We are not yet satisfied that we are there."

Gharekhan is overseeing the program under which Iraq would be allowed to sell dlr 2 billion worth of oil for an initial 180-day period to buy food and medicine for its people suffering the effects of six years of economic sanctions.

Iraq has been barred from selling oil under U.N. sanctions imposed after Baghdad invaded Kuwait in 1990. The sanctions remain in effect because the Security Council is not satisfied that Iraq has complied with orders to dismantle its banned weapons programs and make full disclosure to the United Nations.

The oil-for-food plan, which Iraq accepted on May 20, was on the verge of going into effect when President Saddam Hussein sent his troops into a Kurdish protected area of northern Iraq last month.

U.N. Secretary-General Boutros Boutros-Ghali delayed the deployment of U.N. monitors to oversee the oil sales program, and President Clinton said the plan was on hold until conditions stabilize in the north.

Gharekhan said the United Nations was still not satisfied about safety guarantees and freedom of movement for its personnel in northern Iraq. He also said Iraq had asked that the United Nations hire new staff to handle distribution of humanitarian goods in the north.

"The local staff in the north feel very insecure about their position," Gharekhan said. "We have spoken to the government of Iraq about at least the perceived lack of security on the part of the local staff."

He said Boutros-Ghali remains committed to implementing the plan as soon as possible.

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^Ciller Expects Iraqi Oil Sale in Weeks<

^Eds: LEADS throughout to ADD U.N. comment on no time frame for
resumption of sale. No pickup<

ANKARA, Turkey (AP) _ Foreign Minister Tansu Ciller said Tuesday
that Iraqi oil sales will start in a few weeks, the Anatolia news
agency reported.

Mrs. Ciller said she was told by U.N. Secretary-General Boutros
Boutros-Ghali during her trip to New York. Mrs. Ciller returned home
Tuesday.

The U.N.-monitored sale was delayed when the Iraqi military
intervened in Kurdish fighting in northern Iraq a month ago. Under
the U.N. provisions, Iraq can sell up to dlrs 2 billion of oil to
buy humanitarian supplies.

But in New York, a U.N. spokeswoman said there was no fixed
schedule for the resumption of oil sales.

"I cannot give you a time frame. This is a process that is
moving," said U.N. spokesman Sylvana Foa. "We want to make sure
that the dust has settled and that things are stable before we even
begin thinking about sending people out."

"Obviously we want to get moving but there is no time frame,"
Foa said.

A joint Iraqi-Turkish oil pipeline running from Kirkuk oil field
to Mediterranean oil port of Yumurtalik has been idle since the U.N.
imposed sanctions on Iraq because of its 1990 invasion of Kuwait,
which led to the Gulf War.

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^Turkey Urges Go-Ahead Of Iraq Oil Sales; US Approves
Escrow Account<

UNITED NATIONS (AP) - Turkish Foreign Minister Tansu Ciller urged the United Nations on Monday to give the go-ahead for an Iraq oil-sale plan as soon as possible despite U.S. concerns about the security situation in the north of the country.

President Bill Clinton said the plan would be on hold after Iraqi President Saddam Hussein sent his troops into protected Kurdish areas of northern Iraq, and many oil experts speculate that the sale will not begin until after the U.S. presidential elections Nov. 5.

In Washington, the U.S. Treasury Department on Monday confirmed that it had approved the establishment of a U.N. escrow account to hold proceeds of the U.N.-Iraq oil-for-food sale once it begins.

However, a Treasury spokesman said the approval was not a sign that the oil sales would begin soon. The account will be managed by Banque National de Paris.

Ciller told the U.N. General Assembly that Turkey had suffered economically from the effects of U.N. sanctions against Iraq, imposed after Baghdad invaded Kuwait in 1990.

"The heavy toll we have been required to pay has long exceeded our ability to sustain the financial strain on our economy any longer," Ciller said. She said that allowing Iraq to resume limited oil sales would bring "limited relief" for Turkey.

The oil-for-food plan allows Iraq to sell dlrs one billion in oil every 90 days for an initial 180-day period to buy food and medicine. The agreement specifies that most of the Iraqi oil must pass through the pipeline to Turkey, allowing the Ankara government to collect fees.

But Ciller said this relief "can in no way be commensurate with our losses." Turkish officials have said the sanctions against Iraq have cost Turkey about dlrs 27 billion in economic losses.

Turkey had asked the U.N. Sanctions Committee to grant it an exemption to the trade embargo with Iraq similar to the waiver that allows Jordan to purchase Iraqi oil on an economic hardship basis.

The Turkish request was put aside by the committee when the oil-for-food plan was thought to be near implementation. But Iraqi military moves in northern Iraq late last month have caused the implementation of the plan to be delayed indefinitely.

Ciller said Iraq is "high on our agenda" and that Turkey was committed to honoring "the territorial integrity, sovereignty and independence of this country."

"The full compliance by Iraq of all its obligations under international law and relevant Security Council resolutions remains to be vital for the return to normalcy in the region," she said.

She said that Kurdish areas of northern Iraq "should not be permitted to serve as an area that poses a threat" to Turkey and other countries.

"Turkey will not tolerate terrorist elements (using) northern Iraq to stage terrorist acts against her territory," she said. "We are determined to take all necessary measures to protect our legitimate security

interests and to deny terrorist elements the possibility of launching terrorist operations against our population from northern Iraq.''

She made no specific reference to Turkish plans to develop a temporary security buffer inside northern Iraq to keep members of the Kurdish Workers Party, the Marxist Kurdish terrorist organization, from entering Turkey.

9-30-9

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^BC-Turkey-Iraq-Oil<

^Ciller Expects Iraqi Oil Sale in Weeks<

ANKARA, Turkey (AP) _ Foreign Minister Tansu Ciller said Tuesday that Iraqi oil sales will start in a few weeks, the Anatolia news agency reported.

Mrs. Ciller said she was told by U.N. Secretary-General Boutros Boutros-Ghali during her trip to New York. Mrs. Ciller returned home Tuesday.

The U.N.-monitored sale was delayed when the Iraqi military intervened in Kurdish fighting in northern Iraq a month ago. Under the U.N. provisions, Iraq can sell up to dlr 2 billion of oil to buy humanitarian supplies.

A joint Iraqi-Turkish oil pipeline running from Kirkuk oil field to Mediterranean oil port of Yumurtalik has been idle since the U.N. imposed sanctions on Iraq because of its 1990 invasion of Kuwait, which led to the Gulf War..

(sh/bm)

AP-LD-10-01-96 1610GMT<

011550 Oct GMT

[bulgaria]

AP VVV49 Aa ----- Turkey-Iraq-Oil

10-01 7:11p

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(sh/bm)

[armania]

AP VVV48 Aa ----- Iraq-Weapons,0210

10-01 4:39p

U.N. Weapons Inspector Cites Problems in Iraqi Documents

BAGHDAD, Iraq (AP) - Weapons documents provided by Iraq contain "important problems" that have yet to be resolved, a leading U.N. weapons monitor said Tuesday.

"We believe that Iraq continues to retain prohibited materials and documents that we need to find," said Chalres Duelfer.

Duelfer arrived Sunday to inform Iraqi officials about the problems with the documents, he said.

Iraq handed over the materials a year ago in what it called a full disclosure of its programs to manufacture weapons of mass destruction. Those programs are banned under the agreements that ended the Gulf War in 1991.

After five years of inspections marked by repeated confrontations, the U.N. monitors say Iraq is still concealing weapons material and documents.

Rolf Ekeus, chairman of the U.N. weapons commission, is to release a report to the Security Council on Oct. 11.

The United Nations says it will not consider lifting comprehensive sanctions against Iraq until it is convinced that Baghdad has destroyed its weapons of mass destruction.

The sanctions were imposed after Iraq's invasion of Kuwait in August 1990.

011338 Oct GMT

Turkey Urges Go-Ahead Of Iraq Oil Sales; US Approves Escrow Account

UNITED NATIONS (AP) - Turkish Foreign Minister Tansu Ciller urged the United Nations on Monday to give the go-ahead for an Iraq oil-sale plan as soon as possible despite U.S. concerns about the security situation in the north of the country.

President Bill Clinton said the plan would be on hold after Iraqi President Saddam Hussein sent his troops into protected Kurdish areas of northern Iraq, and many oil experts speculate that the sale will not begin until after the U.S. presidential elections Nov. 5.

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Ciller told the U.N. General Assembly that Turkey had suffered economically from the effects of U.N. sanctions against Iraq, imposed after Baghdad invaded Kuwait in 1990.

"The heavy toll we have been required to pay has long exceeded our ability to sustain the financial strain on our economy any longer," Ciller said. She said that allowing Iraq to resume limited oil sales would bring "limited relief" for Turkey.

The oil-for-food plan allows Iraq to sell dlrs one billion in oil every 90 days for an initial 180-day period to buy food and medicine. The agreement specifies that most of the Iraqi oil must pass through the pipeline to Turkey, allowing the Ankara government to collect fees.

But Ciller said this relief "can in no way be commensurate with our losses." Turkish officials have said the sanctions against Iraq have cost Turkey about dlrs 27 billion in economic losses.

Turkey had asked the U.N. Sanctions Committee to grant it an exemption to the trade embargo with Iraq similar to the waiver that allows Jordan to purchase Iraqi oil on an economic hardship basis.

The Turkish request was put aside by the committee when the oil-for-food plan was thought to be near implementation. But Iraqi military moves in northern Iraq late last month have caused the implementation of the plan to be delayed indefinitely.

Ciller said Iraq is "high on our agenda" and that Turkey was committed to honoring "the territorial integrity, sovereignty and independence of this country."

"The full compliance by Iraq of all its obligations under international law and relevant Security Council resolutions remains to be vital for the return to normalcy in the region," she said.

She said that Kurdish areas of northern Iraq "should not be permitted to serve as an area that poses a threat" to Turkey and other countries.

"Turkey will not tolerate terrorist elements (using) northern Iraq to stage terrorist acts against her territory," she said. "We are determined to take all necessary measures to protect our legitimate security interests and to deny terrorist elements the possibility of launching terrorist operations against our population from northern Iraq."

She made no specific reference to Turkish plans to develop a temporary security buffer inside northern Iraq to keep members of the Kurdish Workers Party, the Marxist Kurdish terrorist organization, from entering Turkey.

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^RC-Iraq-Oil Salvation

^NY INT: offering for spot or feature use. PHOTOS: Ankara sent photos to London on Sept. 30.

^'Oil-for-Food' Pipeline Full of Crude, Waiting for U.N. Mod<

^AP Photos Available<

^By TONY SMITH=

^Associated Press Writer=

FAYSH KHABUR, Iraq (AP) _ Bursts of machine-gun fire rattled outside the fenced-off oil station whose pipes, gauges and taps could soon start pumping new lifeblood into Iraq's devastated economy.

''Don't worry, it's safe. It's just a wedding celebration. And any case, we're well protected here,'' said Kemal Hamid, a member of President Saddam Hussein's ruling Baath Socialist Party.

His icy-gray eyes rested on a score of Iraqi Kurdish troops helping guard the compound on the vast, dusty plain near the convergence of the Iraqi, Turkish and Syrian borders.

All Iraqis _ including the impoverished Kurds of northern Iraq are hoping the United Nations will soon implement an oil-for-food deal that will allow the country to export limited quantities of oil.

Much of that oil will be exported through a 1,000-kilometer (620-mile) pipeline that runs across the north and into neighboring Turkey.

In return, Iraq can import food, medicine and other basics to revive its moribund economy, which has withered under sanctions imposed for its 1990 invasion of Kuwait.

The oil-for-food deal was signed in May and it appeared the oil might start flowing in September.

But the deal has been delayed indefinitely since Massoud Barzani's Kurdish fighters, with Saddam's assistance, defeated a rival Kurdish faction in northern Iraq during 10 days of fighting in August and September.

The United States and others have raised questions about security in the region, and whether the Kurds will get their fair share of the assistance.

Of the dlrs 2 billion worth of oil that Iraq can sell over the initial six-month period, some dlrs 300 million in aid will be earmarked for Iraqi Kurdistan.

That's incentive enough to get Iraqi and Kurdish technicians working side-by-side at the Faysh Khabur pumping and measuring station.

Closed since the 1990-1 Gulf crisis, the pipeline has been repaired and tested all the way from its origin in Iraq's Kirkuk oil fields to Turkey's Mediterranean port of Yumurtalik.

''We're ready to go,'' said Hamid. ''Now we're just waiting for signal from the United Nations.''

As Barzani consolidates control of the north and appears to be keeping Saddam at arm's length, officials of Barzani's Kurdistan Democratic Party argue that it's safe to reopen the pipeline.

Most of the oil pipeline in northern Iraq has always been guarded by Iraqi troops and runs outside the Kurdish ''safe haven'' zone established by the U.S. and its allies after the 1991 Gulf War.

However, there is a 10-kilometer (six-mile) stretch of pipeline that passes through Iraqi Kurdistan. It could be vulnerable to sabotage by rebellious Iraqi Kurds or Turkish Kurds, both of whom operate in the area and have waged lengthy guerrilla campaigns against their governments.

To prevent against possible attack, some 700 Iraqi Kurdish soldiers have been deployed to guard the underground channel that could pump up to 1.5 million barrels a day to Turkey once open.

Since 1991, the Iraqi Kurdish economy has been crippled by what are effectively double sanctions.

Under U.N. sanctions, Iraqi Kurdistan, as part of Iraq, cannot trade officially with its neighbors. It was also prevented from trading with the rest of Iraq by an effective border drawn at the 36th parallel by the United States to protect the Kurdish ''safe haven.''

Feuding among rival Kurdish groups further weakened the feeble economy.

The only trade that's flourished has been oil smuggling. Every day, Turkish trucks unload foodstuffs and load up with tanks of fuel at makeshift gas stations near the Iraqi border town of Zakhu.

''We have to get this pipeline open. Our economy is ruined,'' said Lt. Sadik Mustafa, an Iraqi Kurdish commander at the oil station in Faysh Khabur.

So how did he, as a Kurd, feel about working with Iraqis of Saddam's party, seen by most Kurds as their enemy?

''We're just keeping our eyes on the oil, not on politics,'' he said. ''We have to treat the Iraqi technicians as our brothers.''

(ts-mdm-gm)

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^BC-Turkey-Iraq Embargo<

^Turks Join a Rally To Protest U.N. Embargo Against Iraq<

^AP Photo Ank 102<

GAZIANTEP, Turkey (AP) _ About 5,000 Turks who lost their jobs and saw their businesses went bankrupt after the United Nations imposed trade sanctions against Iraq held a rally here on Saturday to protest the ongoing embargo against the neighboring country.

“Is the embargo against Iraq or Turkey?” read one of the banners as trucks which were left idle after the sanctions went into force lined up at one site under a banner which said in English “embargo cemetery.”

The rally was organized by the local Chamber of Trade in this southeastern city.

The city's financial losses from the loss of trade with Iraq was estimated at dlr\$ 5 billion since 1990, according to a study by the chamber.

The study said 1,184 businesses went bankrupt, including carpet stores, restaurants, car repair shops, lentils and bulgur factories, while 10,000 trucks were left without business.

Turkey estimates its losses as a result of the closure of an oil pipeline and the loss of exports with Iraq at dlr\$ 27 billion.

Turkish government wants the United Nations to grant Turkey a special status to be exempt from the embargo against Iraq.

(za)

AP-LD-09-14-96 1600GMT<

[Iranian]

APW VVV04 Aa ----- No Decision On Turkey's Application For 00-29 3:23a

BC-UN-Turkey,0279

No Decision On Turkey's Application For Sanctions Relief

UNITED NATIONS (AP) - A U.N. committee decided to delay consideration of Turkey's request for exemptions from the trade embargo against Iraq until after the U.N. oil-for-food deal goes into effect.

German Ambassador Antonius Eitel, chairman of the U.N. Sanctions Committee on Iraq, told reporters Wednesday that there was considerable sympathy within his group for Turkey's economic hardship as a result of the 1990 sanctions on trade with Iraq.

But he said the oil-for-food sales plan requires that most of the oil sold by Iraq under the plan be sent through a Turkish pipeline, providing Turkey with substantial income from transit fees.

He said the committee would review the impact of the oil-for-food plan on Turkey's economy, probably next month. He said he hoped Iraq would be exporting oil under the oil-for-food plan by then.

Turkish officials have asked the United Nations for an exemption from the sanctions, claiming they have lost some dlr 23.7 billion in trade with Iraq since 1990.

Turkey has argued that the income allowed under the oil-for-food plan is just a small fraction of Turkey's economic losses. It wants U.N. approval to be allowed to import some 200,000 barrels a day of Iraqi crude for domestic use.

Under the oil-for-food plan, Iraq will be allowed to sell dlr 2 billion worth of oil for an initial 180-day period to buy food and medicine. Iraq agreed to the plan last June but implementation has been delayed pending finalization of numerous technical details.

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^BC-UN-+Turkey+,484<

^+Turkey+ Wants To Import Iraqi Oil Despite Sanctions<

UNITED NATIONS (AP) ÷ +Turkey+ has asked the United Nations for permission to import an unspecified amount of Iraqi oil in exchange for food and medicine and to use oil imports to reduce Baghdad's debt to the Ankara government.

The Turks made the request in documents submitted to the Security Council's sanctions committee, which is expected to consider it next week.

Trade with +Iraq+ has been banned under U.N. sanctions imposed on Baghdad

after it invaded Kuwait in 1990, touching off the Gulf War.

In asking for the exemption, +Turkey+ said it had suffered a dlrs 30 billion economic loss since sanctions were imposed and a key oil pipeline and other cross-border trade were cut off.

+Turkey+ said it needed relief in addition to what has already been provided for under the May oil-for-food deal, under which +Iraq+ accepted a U.N. offer to sell dlrs 2 billion for an initial 180 days to buy food and medicine.

Implementation of the plan has been delayed because the United States has not yet signed off on procedures for the sales. All 15 members of the U.N. sanctions committee must agree to the procedures.

For six years, +Turkey+ has been at the forefront of the countries

which have been directly and most adversely affected by the embargo,''

+Turkey+ said in its proposal. +Turkey+ said problems created by the sanctions had ``caused a strong and growing frustration among the Turkish public opinion.''

``+Turkey+ appreciates the contributions made by the international coalition to mitigate some of the difficulties suffered as a result of the Gulf War,' ' the Turkish request said. ``Nonetheless, the heavy burden of economic losses and other problems remains. +Turkey+ believes that the losses, detailed in the annex, have long exceeded its ability to continue in this manner for an unknown period of time.''

+Turkey+ said its total losses brought about by the sanctions had reached dlrs 27.3 billion. Among the losses cited in the supporting

documents, +Turkey+ noted annual revenue to Botas, the state oil pipeline operator, was dlr\$ 400 million. This amounts to a cumulative loss of dlr\$

2.36 billion through June 30.

Exports to +Iraq+ amounted to eight percent of +Turkey+'s total prior to the sanctions, or about dlr\$ 2 billion annually. +Turkey+ projects it lost dlr\$ 6.731 billion in export trade with +Iraq+ between 1990 and 1995.

``The majority of Turkish imports from +Iraq+ was composed of petroleum and petroleum products,'' the Turkish request said. ``The estimated loss in the Turkish import bill due to the increase of oil prices is dlr\$ 860 million for the year 1990 and dlr\$ 60 (million) for the year 1991.''

Turkish contractors lost dlr\$ 620 million in 1990 in unpaid bills by +Iraq+ and occupied Kuwait, and an estimated potential profit of dlr\$ 2

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^BC-Iraq-Turkey

^Iraq, Turkey Agree To Build Gas Pipeline<

^By WAIEL FALEH=

^Associate Press Writer

BAGHDAD, Iraq (AP) _ Turkey and Iraq agreed on Wednesday to build a pipeline to carry Iraqi natural gas to Turkey.

The deal followed the signing on Monday of a dlrs 20 billion gas deal between Turkey and Iran and was announced at the end of a visit to Baghdad by two Turkish ministers.

Iraq's oil minister, Gen. Amir Rashid, told reporters that the capacity of the proposed gas pipeline will be 10 billion cubic meters (350 billion cubic feet) a year.

He gave no further details, saying only that Turkey will help in developing and maintaining Iraq's oil and gas fields.

The two sides also signed a trade protocol governing the role to be played by Turkish firms in supplying Iraq with goods under a May 20 oil-for-food deal between Baghdad and the United Nations.

President Saddam Hussein met with the two Turkish ministers _ Education Minister Mehmet Saglam and Justice Minister Sevkettin Kizilirmaci _ and was later quoted as saying that Iraq wanted closer ties with Turkey, its northern neighbor.

"Iraq has been keen during the past decades to establish the closest relations with Turkey based on mutual respect, the principles of independence and on common interests," Saddam said, according to the official Iraqi News Agency.

But in a thinly veiled criticism of Turkey's pro-U.S. policies, Saddam said: "The basis for success in achieving good bilateral relations depend on pursuing an independent policy derived from the interests of the two countries and peoples, rather than being influenced by others."

Turkey's parliament voted last month to extend the mandate of the U.S.-led allied force protecting Kurds in northern Iraq from possible attacks by the Iraqi army.

Turkish Prime Minister Necmettin Erbakan had in the past repeatedly opposed the presence in Turkey of the allied force, claiming that it helped Kurdish guerrillas fighting for an independent state in southeast Turkey.

"We agreed to unite our thoughts on how to stop terrorism (spreading) from northern Iraq into Turkey and Iraq agreed and declared that it is against such terrorism," Saglam, the Turkish education minister, told a news conference.

He also criticised the United Nations and the Security Council for what he called their double standards in dealing with issues related to Arab and Islamic countries.

"As it is known, the U.N. and the Security Council are not just in their resolutions, especially those concerning Muslim countries," he said.

"The U.N. keeps silent when Israel violates its resolutions contrary to the measures adopted against Iraq."

He was referring to six years of sanctions imposed on Iraq by the United Nations for invading Kuwait in August 1990. Iraq must dismantle its weapons of mass destruction before the sanctions can be lifted.

The sanctions include a ban on vital oil exports, but Iraq's oil-for-food agreement with the U.N. Security Council will allow it to sell oil worth dlrs 2 billion over six months to buy badly needed food and medicine.

Oil is expected to flow in September, mainly through Iraq's northern pipeline to Turkey's Mediterranean coast which has been closed since shortly after Iraq's invasion of Kuwait.

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^BC-Turkey-Iraq<

^Turkey Rejects Iraqi Call To Ignore UN Decision<

ANKARA, Turkey (AP) — Foreign Minister Tansu Ciller on Friday rejected a call by Baghdad not to wait for a United Nations decision to resume trade with Iraq despite sanctions.

Turkey this month applied to the United Nations Security Council to be partially exempt from sanctions imposed on Iraq to make up for heavy economic losses it has suffered from the end of trade and the shut down of a lucrative oil pipeline.

Justice Minister Sevkettin Kizilirmaci, upon his return from Baghdad Friday, said Iraq urged Turkey to follow Jordan's example, and not wait for a U.N. decision to resume trade.

He said he had been presented with a list of items Iraq was prepared to buy from Turkey should trade resume before the U.N. decision.

But Mrs. Ciller told reporters Friday Turkey was committed to the United Nations decisions.

"We are respectful of the United Nations decisions. Respect of the U.N. is something we shall never deviate from," she said.

Turkey estimates that the sanction against its southern neighbor has cost it some \$20 billion.

By asking for the exemption, Turkey hopes to import an unspecified amount of Iraqi oil in exchange for food and medicine.

The demand was made in addition to a recent deal under which Iraq was allowed to export \$2 billion worth of oil to buy humanitarian supplies.

Oil is expected to flow in September mainly through the Turkish-Iraqi pipeline which has been closed since Iraq's invasion of Kuwait.

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^BC-Singapore-Turkey<

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^Turkish Prime Minister Welcomes Reopening of Iraq Oil Pipeline<

SINGAPORE (AP) _ Turkey's Prime Minister Necmettin Erbakan said Friday that the reopening of the Turkish-Iraqi oil pipeline is "an extremely important development" that will help Turkey recover lost revenue.

In a speech at a Singapore-Turkey business forum, the visiting Turkish leader said his country suffered "severe economic losses" because of United Nations sanctions imposed on Iraq to punish it for the 1990 invasion of Kuwait. Officials estimate the losses to be dlr\$ 27 billion.

His government is now working to win at least partial compensation for trade lost, Erbakan said without elaborating.

Iraq has been allowed by the U.N. Security Council to sell dlr\$ billion worth of oil every 90 days for an initial, renewable 180-day period. The larger share of the oil must be sold via a twin pipeline from Kirkuk in northern Iraq to Ceyhan on Turkey's Mediterranean Sea coast.

"We regard this (opening of the pipeline) as an extremely important development," Erbakan said.

He did not say when he expects oil to start flowing through the pipeline, or how much Turkey would like to receive to help offset Iraq's large debts with its neighbor.

Erbakan didn't refer specifically to Turkey's request for exemption from U.N. sanctions.

Before the Gulf War, Iraq was Turkey's biggest trading partner with annual two-way trade between them amounting to dlr\$ 2 billion.

On Wednesday, Iraq and Turkey signed a trade protocol governing the role to be played by Turkish firms in supplying Iraq with goods under the May 20 oil-for-food deal between Baghdad and the U.N.

Erbakan began his five-nation tour in Teheran where he signed a dlr\$ 20 billion agreement to buy natural gas from Iran for 22 years, ignoring U.S. pleas to cancel the project.

U.S. President Bill Clinton recently signed a law allowing Washington to penalize non-U.S. companies that invest in the oil and gas industries of Iran and Libya, accused by Washington of backing international terrorism.

Erbakan said Turkey is expanding cooperation with the United States, adding that its growing ties with the European Union ensure that Turkey can "act as bridge between the E.U. and the Islamic world."

"Turkey also attaches great importance to promoting its economic, commercial, social and cultural relations with Islamic countries," said Erbakan who took power in June as the head of an Islamic-led coalition.

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^BC-Turkey-Iran-Iraq<

^Turkey's Ciller Says Iraqi Oil Pipeline Opens Next Month<

YUMURTALIK, Turkey (AP) _ Foreign Minister Tansu Ciller announce Thursday that Iraqi oil would reach this Mediterranean port city in one month.

"We will hold a Cabinet meeting here that day," she said in a speech to reflect the importance the government attaches to the development.

The joint pipeline opens under a U.N. formula accepted by Iraq to sell dollars 2 billion worth of oil for an initial 180-day period to buy food and medicine for Iraqis suffering from six years of economic sanctions after Baghdad's invasion of Kuwait.

Earlier this week, Turkey's first Islam-inspired government went ahead with a dollars 20 billion gas deal with Iran despite strong objections from the U.S. administration, which wants to isolate Tehran for alleged sponsorship of terrorism.

Ciller, who is also deputy premier, defended the Iran deal, calling the accord a "peace project."

Ciller said the Iranian gas purchases, which were to begin in 1999, would also help Turkey produce energy at a lower cost.

(za-fd)

AP-LD-08-15-96 1347GMT<

[Cyprus]

APW VVV52 Aa ----- Turkey's Ciller Says Iraqi Oil Pipeline 08-15 4:45p

BC-Turkey-Iran-Iraq

Turkey's Ciller Says Iraqi Oil Pipeline Opens Next Month

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UN-Turkey

Turkey Wants To Import Iraqi Oil Despite Sanctions

UNITED NATIONS (AP) - Turkey has asked the United Nations for permission to import an unspecified amount of Iraqi oil in exchange for food and medicine and to use oil imports to reduce Baghdad's debt to the Ankara government.

The Turks made the request in documents submitted to the Security Council's sanctions committee, which is expected to consider it next week. Trade with Iraq has been banned under U.N. sanctions imposed on Baghdad after it invaded Kuwait in 1990, touching off the Gulf War.

In asking for the exemption, Turkey said it had suffered a dire 30 billion economic loss since sanctions were imposed and a key oil pipeline and other cross-border trade were cut off.

Turkey said it needed relief in addition to what has already been provided for under the May oil-for-food deal, under which Iraq accepted a U.N. offer to sell dirr 2 billion for an initial 100 days to buy food and medicine.

Implementation of the plan has been delayed because the United States has not yet signed off on procedures for the sales. All 15 members of the U.N. sanctions committee must agree to the procedures.

For six years, Turkey has been at the forefront of the countries which have been directly and most adversely affected by the embargo," Turkey said in its proposal. Turkey said problems created by the sanctions had "caused a strong and growing frustration among the Turkish public opinion."

"Turkey appreciates the contributions made by the international coalition to mitigate some of the difficulties suffered as a result of the Gulf War," the Turkish request said. "Nevertheless, the heavy burden of economic losses and other problems remains. Turkey believes that the losses, detailed in the annex, have long exceeded its ability to continue in this manner for an unknown period of time."

Turkey said its total losses brought about by the sanctions had reached dirr 27.3 billion. Among the losses cited in the supporting documents, Turkey noted annual revenue to Botas, the state oil pipeline operator, was dirr 400 million. This amounts to a cumulative loss of dirr 2.36 billion through June 30.

Exports to Iraq amounted to eight percent of Turkey's total prior to the sanctions, or about dirr 2 billion annually. Turkey projects it lost dirr 6.731 billion in export trade with Iraq between 1990 and 1995.

"The majority of Turkish imports from Iraq was composed of petroleum and petroleum products," the Turkish request said. "The estimated loss in the Turkish import bill due to the increase of oil prices is dirr 860 million for the year 1990 and dirr 60 (million) for the year 1991."

Turkish contractors lost dirr 620 million in 1990 in unpaid bills by Iraq and occupied Kuwait, and an estimated potential profit of dirr 200 million per year since 1991, according to the document.

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^BC-US-Iraqi Oil, 2nd Ld

^Agreement Reached on Monitoring Iraqi Oil Sales<

^Eds: CLARIFIES that agreement on monitors is within U.N.; picks up
4th graf, He said ...<

^By BARRY SCHWEID=

^AP Diplomatic Writer=

WASHINGTON (AP) _ U.N. negotiators have agreed to terms for
monitoring emergency oil sales by Iraq, leaving only a few technical
details to be worked out before sales can begin to pay for food,
medicine and war reparations, the U.S. State Department said
Tuesday.

Spokesman Nicholas Burns said the agreement puts in place more
monitors to oversee both oil exports and the import of food and
other relief supplies than did a plan the United States blocked last
week at the United Nations.

He said, 3rd graf<

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^BC-US-Iraqi Oil, 1st Ld-Writethru

^Agreement Reach On Iraqi Oil Sales<

^Eds: UPDATES with accord on monitors; trims, recasts<

^By BARRY SCHWEID=

^AP Diplomatic Writer=

WASHINGTON (AP) — The U.S. State Department said Tuesday an agreement is nearly complete on a United Nations plan for emergency sales of oil by Iraq.

Iraq has settled a dispute with the Clinton administration over monitoring arrangements and only a few technical details stand in the way of final accord, the State Department said.

There will be more monitors than in the initial plan blocked last week by the U.S. delegation to the United Nations to oversee both the export of oil and the import of food and other relief supplies, spokesman Nicholas Burns said.

He said a final accord was expected shortly now that "the United Nations has resolved the major problem," ensuring President Saddam Hussein does not get to the proceeds.

Determined to block Saddam from new oil riches, the United States asked the U.N. Sanctions Committee for tight control over the \$2 billion deal that would allow Iraq to pay for food and relief supplies over six months.

The U.S. delegation gave no reason for its objection, but Burns suggested Monday it was to ensure "that Saddam Hussein has no chance to enrich himself, and that's been our bottom line all along."

"Renewing U.S. support for the deal, which eases U.N. sanctions that have ruined Iraq's economy and imposed severe shortages on the Iraqi people, Burns said, "Progress is being made and has been made over the last couple of days."

Nabil Najam, Iraq's envoy to the Arab League, said Monday in Cairo that Washington's refusal to accept the plan earlier prolonged the suffering of the Iraqi people under what he called "the unjustified sanctions" against Iraq.

Meanwhile, the United States and other members of the sanctions committee are reviewing an application from Turkey for partial exemption from the trade sanctions imposed by the U.N. Security Council on Iraq as punishment for its invasion of Kuwait in 1990, Burns said.

Jordan has been granted an exemption, allowing it to purchase oil and to export some goods to Baghdad.

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^BC-US-Iraqi Oil<,0624<

^Negotiations Progress on Iraqi Oil Sales<

^Eds: RECAPS previous; UPDATES with quote from Iraqi diplomat<

^By BARRY SCHWEID=

^AP Diplomatic Writer=

WASHINGTON (AP) _ Negotiations to clear the way for emergency sales of oil by Iraq are making progress and an agreement may be in hand very soon, the U.S. State Department said.

Determined to block President Saddam Hussein from getting the proceeds, the United States is asking the U.N. Sanctions Committee for tight operation of the dlrs 2 billion deal that would allow Iraq to pay for food and relief supplies over six months.

The procedures opening the way for the sales were blocked last week by the U.S. delegation, irritating the chairman of the sanctions committee, Tono Eitel of Germany. "This is a humanitarian effort begun by the Americans," he said, describing himself as "troubled and very sad."

The U.S. delegation gave no reason, but State Department spokesman Nicholas Burns suggested Monday it was to ensure "that Saddam Hussein has no chance to enrich himself, and that's been our bottom line all along."

Renewing U.S. support for the deal, which eases U.N. sanctions that have ruined Iraq's economy and imposed severe shortages on the Iraqi people, Burns said, "Progress is being made and has been made over the last couple of days."

After an agreement on procedures, oil could begin to flow and money move to buy food and other supplies in several weeks.

Criticizing the United States for blocking the deal, Nabil Najam Iraq's envoy to the Arab League, said Monday in Cairo that Washington's refusal to accept the plan would prolong the suffering of the Iraqi people under what he called "the unjustified sanctions" against Iraq.

"Washington is erecting obstacles to prevent implementing the oil for food agreement and by doing this it proves its hostile attitude to the Iraqi people," Najam said in a statement.

He said the Arab countries should overcome "elements of fear within" instead of continuing to participate in the embargo.

Meanwhile, the United States and other members of the sanctions committee are reviewing an application from Turkey for partial exemption from the trade sanctions imposed by the U.N. Security Council on Iraq as punishment for its invasion of Kuwait in 1990, Burns said.

Jordan has been granted an exemption, allowing it to purchase oil and to export some goods to Baghdad.

Iraq was one of Turkey's biggest trading partners before the Persian Gulf War, which was fought to reverse Iraq's annexation of Kuwait. Turkey has lost hundreds of millions of dollars a year in trade and from the shutdown of an oil pipeline from fields in Kirkuk, Iraq, to the Turkish oil terminal, Yumurtalik, on the Mediterranean coast.

"We believe that we have earned the right to a similar treatment and that our application will be accepted," a Turkish foreign ministry spokesman said last week.

Burns said one consideration in reviewing Turkey's application will be the impact of the sanctions on Turkey's economy.

"We're pleased that Turkey has very recently assured us that it continues to comply with the U.N. sanctions regime," he said. "The United States' position remains that sanctions should be in place, they should remain in place, they should be observed by all countries. Saddam Hussein's defiance of the United Nations, his disregard for the suffering of his own people, led to these sanctions in the first place."

If the resolution for limited oil sales is approved and implemented, Burns said, it "will bring a substantial economic benefit to Turkey."

AP-LD-08-06-96 0231GMT<

[Turkish]

APW VVV91 Aa ----- Turkey Seeks Exemption From Embargo on 07-31 7:32p

BC-Turkey-Iraq

Turkey Seeks Exemption From Embargo on Iraq

ANKARA, Turkey (AP) - Turkey will apply to the United Nations Security Council to be partially exempted from an international embargo imposed on Iraq since the 1990 Gulf Crisis, the foreign ministry said on Wednesday.

Omer Akbel, the foreign ministry spokesman, said Turkey would seek a similar exemption granted to Jordan by the Security Council. The exemption allows Amman to purchase a quantity of oil from Iraq for the country's own use and gives it right to export certain goods.

"Turkey has incurred important losses because of the embargo," Akbel said.

Iraq was one of Turkey's biggest trading partners before the war. Turkey has lost hundreds of millions of dollars a year both from the loss of trade and the shutdown of an oil pipeline stretching from oil fields in Kirkuk, Iraq, to the Turkish oil terminal, Yumurtalik, on the Mediterranean coast.

"We believe that we have earned the right to a similar treatment and that our application will be accepted," Akbel said.

The pipeline is waiting U.N. consent to reopen under an agreement which will allow Iraq to buy food and medicine with revenues obtained from a limited sale of oil.

(sf/djw)

311634 Jul GMT

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^RC-US-Iraq,0239<

^U.S. Delaying Approval of Iraq Oil-for-Food Deal<

WASHINGTON (AP) _ The United States is deferring its approval of a U.N. plan to permit limited Iraqi oil sales until it receives assurances of enough monitors to guard against cheating, the government said Tuesday.

Under the agreement, Iraq will be allowed to export oil for the first time in six years and use the proceeds only to pay reparations from the Persian Gulf War and to buy humanitarian goods and services.

All members of the Security Council except the United States have approved a U.N. monitoring plan.

Nicholas Burns, a State Department spokesman, said the U.N. Sanctions Committee should provide evidence that enough personnel will be on hand to monitor both the inflow of humanitarian goods and the outflow of oil.

"We hope that they'll be able to convince us this week that they have taken the proper steps to make sure that not one cent of the money derived from this plan will benefit Saddam Hussein," Burns said.

Burns said he is optimistic that U.S. concerns can be satisfied.

The United Nations is proposing the stationing of hundreds of humanitarian monitors inside Iraq and other observers at Iraqi ports to monitor oil exports.

The agreement allows Iraq to sell up to dlrs 1 billion of crude every 90 days. The first shipment is not expected for at least a month.

AP-LD-07-30-96 2008GMT<

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Etehran]

APW VVV52 Aa ----- U.S. Says Iraq's Food Distribution Plan 07-01 10:35p

BC-UN-Iraq, 3rd Ld-Writethru,0673

U.S. Says Iraq's Food Distribution Plan "Unacceptable"

Eds: UPDATES with Iraqi reaction, U.S., French and Russian comment, procedures for approval. No pickup.

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - The United States objected Monday to Iraq's plan for distributing food and medicine purchased with oil revenues, a move expected to delay Baghdad's return to world petroleum markets under a U.N. plan.

U.N. Secretary-General Boutros Boutros-Ghali must approve the plan before Iraq can resume exports under the May 20 agreement. But objections by the United States, the most influential U.N. member, carry considerable weight and would likely delay further Iraq's return to oil markets.

Under the plan, Iraq can export 400 million barrels of oil for 180 days to buy humanitarian goods to alleviate the effects of six years of U.N. sanctions imposed after the 1990 invasion of Kuwait.

But the United Nations must first approve an Iraqi distribution plan and draw up separate procedures governing exports. Last week, Iraq submitted a 700-page distribution plan.

On Monday, U.S. Ambassador Madeleine Albright branded the Iraqi plan "a deliberate attempt by the government of Saddam Hussein to yet again try to get around the rules" by using oil revenues to repair infrastructure damaged during the 1991 Gulf War.

"We are dealing with a government that does everything it possibly can to get around the rules," Albright told reporters. "A plan that is nothing but a way to drive trucks through loopholes is unacceptable to the United States."

U.N. diplomats said the Iraqis want to import computers, oil-drilling equipment, telecommunications equipment, spare parts and other supplies not authorized by the oil-for-food agreement.

In addition, the Iraqis want food and medicine earmarked for dissident Kurds fighting Saddam's regime in northern Iraq to funnel through Baghdad. The May agreement makes the United Nations responsible for distributing supplies to the Iraqi Kurds.

U.N. spokesman Sylvana Foa said Boutros-Ghali would not consider the Iraqi plan until U.N. legal experts complete their review. France and Russia, Iraq's principal supporters among the five permanent members of the Security Council, said they were awaiting Boutros-Ghali's decision.

German Ambassador Antonius Eitel, chairman of the U.N. Sanctions Committee on Iraq, said the procedures for the U.N. oil-sale plan will not be completed this week. Eitel had hoped to finish work on the U.N. procedures in June.

Once the distribution plan and the export procedures are finalized, the entire package must be reviewed by the sanctions committee, which includes representatives of all 15 Security Council members.

Iraqi envoy Abdul Amir al-Anbari dismissed Albright's concerns, saying his government's plan was "custom-made according to the United Nations' specifications."

"It does not violate any provisions," Al-Anbari said.

During the oil talks, which began in February, British and American diplomats objected to parts of a tentative accord that created "loopholes" for Iraq to buy materials barred under U.N. sanctions.

They also insisted that procedures for monitoring food distribution be tight enough to insure that Saddam's opponents received their fair share.

British and American diplomats, speaking on condition of anonymity, said they want Iraq to resume oil sales as soon as possible, but procedures must prevent Iraq from circumventing sanctions.

The sanctions were imposed to force Iraq to comply with U.N. demands to dismantle long-range missiles and programs to develop nuclear, chemical and biological weapons and make full disclosure of those programs.

Last month, chief U.N. weapons inspector Rolf Ekeus said his team believed Iraq was still hiding information about its weapons programs.

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[Iraq]
AP VVV52 Aa a---- Iraq-Oil,0220 12-08 1:10a

U.N. Monitoring Team Arrives in Baghdad

BAGHDAD, Iraq (AP) - Ten U.N. oil monitors arrived in Baghdad late Saturday, part of a team that will closely supervise Baghdad's limited return to the world oil market.

The experts, from the Dutch firm Saybolt, will check the flow of Iraqi oil as part of a tightly-monitored U.N. deal that allows Iraq to sell dlrs 2 billion in oil for an initial 180 days to buy food and medicine.

The United Nations imposed economic sanctions against Iraq after Baghdad's 1990 invasion of Kuwait. The deal is a humanitarian exemption to the sanctions. The U.N. Security Council has said the sanctions will not be lifted until it is satisfied that Iraq has fully cooperated with U.N. arms inspectors.

Six of the monitors will be stationed at Iraq's Bakr terminal on the Gulf while four others will be based at the Iraqi-Turkish border and will supervise the flow of oil through a pipeline that crosses the frontier, the Iraqi News Agency reported.

Four more experts, who are currently in the area, will be stationed in Turkey to monitor the arrival of the oil.

Iraq said Friday that the oil could begin flowing by Tuesday if the United Nations gives the green light on Monday for the deal to begin.

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[Turkey]
AP VVV48 Aa a---- UN-Iraqi Oil, 1st Ld-Writethru,0389 12-07 2:54a

U.N. Spokesman Says Iraq Pipeline Ready; Final Go-Ahead For Oil Sales Soon

Eds: COMBINES previous

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - The last technical obstacle to allowing Iraq to resume oil exports was overcome Friday when Dutch inspectors reported that a key pipeline is ready for operation, a U.N. spokesman said.

U.N. spokesman Sylvana Foa said the Dutch firm Saybolt reported after three days of inspections that the the Kirkuk-Yumurtalik pipeline was operational. Most of the oil will be shipped through the pipeline.

All that remains is for U.N. Secretary-General Boutros Boutros-Ghali to give the final go-ahead for Iraq to begin selling oil for the first time since the United Nations imposed economic sanctions following Baghdad's 1990 invasion of Kuwait.

Under a deal which Iraq accepted last May, the United Nations will allow Baghdad to sell dlr 2 billion worth of oil for an initial 180-day period to buy food and medicine for its people.

Implementation of the plan has been delayed because of differences between the United Nations and Iraq on interpretation of the plan as well as other technical issues.

President Clinton said last September the plan was on hold after President Saddam Hussein sent troops into a Kurdish protected area of northern Iraq. But U.S. officials say they will not stand in the way of the plan.

Under terms of the U.N. offer, at least half of the oil must be shipped through the Kirkuk-Yumurtalik pipeline, which runs through Turkey.

Diplomats said Friday that Boutros-Ghali could give the final go-ahead as early as Monday. Other diplomats said the report would probably be released Tuesday or Wednesday.

Iraqi Oil Minister Amer Rasheed said Friday that the oil will begin flowing Tuesday, assuming a Monday go-ahead. But U.N. diplomats and officials said it would probably take several days for contracts to be approved and tankers to reach the Mediterranean seaport of Ceyhan in Turkey and Mina al-Bakr in Iraq.

Oil experts predict that Iraq will be able to export between 500,000 to 550,000 barrels per day.

Before sanctions were imposed, Iraq was shipping about 3.2 million barrels per days.

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^BC-Turkey-Iraq-Oil<

^Turkey and Iraq to Mark Reopening of Oil Pipeline<

ANKARA, Turkey (AP) _ Iraqi ministers will come to Turkey to mark the reopening of a Turkish-Iraqi oil pipeline, energy ministry officials said Sunday.

The ceremony will be held in Turkey's Mediterranean port of Ceyhan on Dec. 14 or 16 to mark the start of the loading of crude oil onto tankers, a ministry statement said, without noting which ministers would come.

Oil is expected to begin flowing through the Kirkuk-to-Yumurtalik pipeline in the coming days, as soon as the U.N. Secretary General Boutros Boutros Ghali gives the go-ahead for the implementation of the oil-for-food deal.

The deal allows Baghdad to export dlr\$ 2 billion of oil for an initial period of 180 days to buy food and medicine for its people.

The pipeline linking the Iraqi oil fields to the Turkish Mediterranean coast, was shut down six years ago when Iraq was placed under U.N. sanctions after its invasion of Kuwait.

U.N. monitors have arrived in Baghdad to supervise Iraq's limited return to the world oil market.

Four more experts, who are currently in the area, will be stationed in Turkey to monitor the arrival of the oil.

The oil-for-food agreement is an exemption from the U.N. sanctions. The United Nations wants Iraq to fully comply with its arms monitoring terms before completely lifting the sanctions.

Turkey estimates that it has lost dlr\$ 30 billion from the pipeline's shut-down. Its state-owned pipeline company BOTAS will earn an estimated dlr\$ 55 million in fees from the limited oil sale.

(sf-fd)

AP-LD-12-08-96 1233GMT<

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[Iran]

AP VVV47 Aa a---- Jordan-Iraq

12-06 10:56p

Iraqi Minister in Jordan for Oil-For-Food Talks

AP Photo Planned

AMMAN, Jordan (AP) - King Hussein met with Iraq's foreign minister on Friday to discuss trade prospects after Baghdad begins selling oil under a U.N. deal.

The meeting took place at Prime Minister Abdul-Karim Kabariti's residence.

It is the first meeting between Iraqi Foreign Minister Mohammed Saeed Sahaf and Kabariti since the Jordanian premier, an ardent critic of Iraq, took office in February.

The three refused to comment after the meeting. Earlier, government officials said the talks would center on Jordanian exports to Iraq under the oil-for-food deal.

The U.N. agreement allows Iraq to sell dlrs 2 billion worth of oil every six months to buy food food and medicine for civilians. Oil is expected to begin flowing later this month.

Iraq remains Jordan's largest trading partner despite political tensions sparked by Kabariti's criticisms of Baghdad's policies. King Hussein has also called for political change in Iraq.

Jordan depends on Iraq for its daily imports of 75,000 barrels of oil.

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Both Iraq-Turkey Oil Lines Could Be Operational In 1 1/2 Mos
Co-nrg e-LBG02973

ANKARA (Dow Jones)--One of the twin pipelines linking
Kirkuk in Iraq with the Turkish Mediterranean port of
Yumurtalik is still not fully operational along its entire
length but could be repaired within one-and-a-half months of
a lifting of the U.N. oil embargo, said a senior official
from the Turkish state-owned pipeline company Botas Friday,
reports the Associated Press.

The official, who spoke on condition of anonymity, said
both pipelines are operational on the Turkish side. However,
he added that on the Iraqi side one of the pumping stations
on the second line was not working, having been damaged
during the Gulf war.

He said it could be repaired very easily but "technical
equipment" was required.

"If the (U.N.) embargo was to be lifted tomorrow, it
would take one-and-a-half months for the pipeline system to
be wholly operational," he said.

He stressed that the line that is in working condition
has a yearly capacity of 35 million tons - which is more
than enough for the oil-for-food deal.

With both pipelines operational, the system has an annual
capacity of 70 million tons.

Earlier Friday, Iraq Oil Minister Amer Rasheed said that
Iraq expects to be able to begin exporting oil immediately
after midnight Monday in New York - 0500 GMT Tuesday -
according to a report by the BBC.

In an interview broadcast on Iraqi television, Rasheed
said, "We expect the U.N. secretary general to submit his
final report no later than Monday. This means that, at the
first minute after midnight on Monday, New York time, we
will have the right to begin (exporting oil) if this report
is submitted as planned and expected," the BBC reported.

The oil-for-food deal allows Iraq to sell \$2 billion
worth of oil every 180 days to buy much-needed food and
medicine.

If U.N. secretary-general Boutros Boutros-Ghali triggers
the start of the U.N.-Iraq oil sale on Monday, and remedial
work commences immediately on the second line, according to
the Botas official both pipelines could be full operational
by the end of January.

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story looks good.

many thnx

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[greece]

AP VVV46 Aa a----- Iraq-Oil Exports,0333

12-06 6:13p

Iraq Says It Should Resume Oil Exports Tuesday

CAIRO, Egypt (AP) - Iraq said Friday it can start exporting oil Tuesday if the U.N. Secretary-General gives the go-ahead for the sale of oil to buy food and medicine.

U.N. chief Boutros Boutros-Ghali was expected to give his report on the deal Monday, according to diplomats at the United Nations.

The exports were halted as part of the trade sanctions imposed on Iraq after it invaded Kuwait in 1990. The U.N.-approved sale of oil for food and medicine is an exemption to the sanctions.

Iraq last month dropped its objections to the deal, under which Iraq can sell dlrs 2 billion of oil for six months. Iraq's economy has been devastated by the sanctions.

U.N. Security Council diplomats have said they will not consider lifting the embargo until Iraq fully cooperates with U.N. arms monitors.

Diplomats at the United Nations said Friday that a report by inspectors from the Dutch company Saybolt on an Iraqi-Turkish pipeline to be used when the exports resume is the only thing holding up the go-ahead.

The official Iraqi News Agency, monitored in Cairo, quoted Gen. Amir Mohammed Rashid, Iraq's oil minister, as saying: "We will have the right to begin exporting oil if this report is submitted as planned and expected."

He said a team of oil experts Friday successfully inspected the pipeline's metering station on the Iraqi-Turkish border.

The pipeline takes Iraqi crude to an export terminal at Turkey's Mediterranean coast and is expected to be used for most of the oil Iraq is expected to sell under the oil-for-food deal.

The experts have also successfully checked the pipeline's pumping stations inside Turkey, the Iraqi minister said.

Rolf Ekeus, the chief U.N. weapons inspector, is due in Iraq on Sunday. He hopes to get Iraqi permission to remove the remains of destroyed missile engines for analysis abroad.

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^BC-Turkey-Iraq Oil<

^UN Tests Pipeline for Oil-For-Food Deal with Iraq<

ANKARA, Turkey (AP) _ U.N. crews Thursday began pumping oil to test the Iraqi-Turkish pipeline in preparation for a long delayed oil-for-food deal with Iraq, the foreign ministry said.

U.N. monitors went to Iraq at the start of the week to join a team of experts from the Dutch company Saybol to test metering stations on the pipeline, which has been closed since Iraq was placed under U.N. economic sanctions following its invasion of Kuwait in 1990.

Under the U.N. plan, Iraq can sell up to dlr 2 billion in oil and use the profits to buy humanitarian supplies such as food and medicine.

"Some oil was pumped into the pipeline as part of tests conducted by Saybolt," ministry deputy spokesman Haldun Otman told The Associated Press.

A statement from the Turkish Energy Ministry said Iraq is expected to begin selling oil within a week. It said Saybolt found the metering stations "adequate."

U.N. Secretary-General Boutros Boutros-Ghali is expected to give the final go-ahead for the resumption of oil sales once the pipeline is declared operational.

(sf-bm)

AP-LD-12-05-96 1800GMT<

RND;H0VVU5645 5 III 00548 -----

AP-^BC-FEATURE-US-Troubled CIA

[Turkey]

AP VVV63 Aa a---- Turkey-Iraqi Oil-Box

12-10 8:55p

Facts on Iraqi-Turkish oil pipeline
With BC-Turkey-Pipeline, BC-Turkey-Iraqi Oil
By The Associated Press

STRUCTURE: Two pipelines run parallel for 986 kilometers (616 miles) long, 641 kilometers (400 miles) in Turkey, 345 kilometers (215 miles) in Iraq.

LOCATION: From Iraq's Kirkuk oilfields to Turkish port of Yumurtalik on Mediterranean.

TOTAL CAPACITY: 71 million metric tons (497 million barrels) per year.

HISTORY: First pipeline built 1975, activated 1977. Second built 1985, activated 1987.

PUMPING STATIONS: Four in Iraq, six in Turkey. One Iraqi station damaged during Gulf War, reducing capacity of first pipeline.

TERMINAL: Yurmutalik terminal has loading capacity of 60,000 metric tons (420,000 barrels) hourly, can store 10 million barrels. Four loading platforms. Accommodates tankers up to maximum capacity 300,000 metric tons (2.1 million barrels).

(sh/djw)

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AP-^BC-FEATURE-US-Troubled CIA

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[Turkish]

AP VVV39 Aa a---- Iraq-Oil,0396

12-05 12:52p

French, Japanese Oil Companies First to Arrive For Contracts

By WAIEL FALEH

Associated Press Writer

BAGHDAD, Iraq (AP) - Representatives of French and Japanese oil companies have been the first to arrive here seeking contracts with Iraq after its deal with the United Nations allowing limited sales, a newspaper reported Thursday.

Saddam Zibin al-Hassan, director of Iraq's State Organization for Marketing Oil, told al-Qadissiya daily that Paris-based Elf Aquitaine SA and the Tokyo-based Mitsubishi Oil Co. were the first in the capital to negotiate contracts, and that 50 other major oil companies had been invited for talks.

Iraq last month dropped its objections to a U.N.-monitored deal that allows it to sell dlrs 2 billion in oil for an initial 180 days to fund purchases of imported food and medicine.

Iraq has been barred from selling oil, its main revenue source, since the United Nations imposed sweeping trade sanctions after the invasion of Kuwait in 1990.

U.N. Secretary-General Boutros Boutros-Ghali is expected to give the final approval next week for the sales, which have been greeted with joy by Iraqis suffering with a devastated economy that made even basic commodities too expensive.

Al-Hassan told the newspaper that final inspections of the oil pipelines are under way in preparation for the arrival of 14 international monitors by this weekend.

Turkey has received U.N. permission to export spare parts to maintain the pipeline in Iraq. Most of the Iraqi oil will be exported through the Kirkuk-Yumurtalik pipeline.

Iraqi officials say the country has the capability to export 2 million barrels per day and could boost production to 2.5 million barrels a day within three months.

Iraqi Foreign Minister Mohammed Saeed al-Sahaf said Wednesday that he expects technical preparations for the resumption of exports to complete by Saturday.

The oil-for-food agreement is an exemption from the U.N. sanctions. Security Council diplomats have said they will not consider lifting the embargo until Iraq fully cooperates with U.N. arms monitors.

Rolf Ekeus, the chief U.N. weapons inspector, is due in Baghdad Sunday. He hopes to get Iraqi permission to remove the remains of destroyed missile engines for analysis abroad.

050950 Dec GMT

3306 5 III 00206 -----

AP-^BC-US-Punch Line,0209<

^BC-US-Punch

[Iran]

AP VVV32 Aa a---- UN-Iraq Oil,0464

12-04 2:40a

Diplomats Predict Go-Ahead For Iraqi Oil Sales Next Week

UNITED NATIONS (AP) - Secretary-General Boutros Boutros-Ghali is expected to give the go-ahead next week for Iraq to resume selling oil after a six-year ban, U.N. officials and diplomats said Tuesday.

Boutros-Ghali must submit a final report to the Security Council before the Iraqis will be allowed to sell up to dlr 2 billion wr an initial 180 days to buy food and medicine.

Iraq has been barred from world oil markets since it invaded Kuwait in 1990. The council said sanctions imposed after the invasion will remain until it is satisfied Iraq has complied with orders to destroy its weapons of mass destruction.

Under an agreement reached last May, the council agreed to relax the sanctions to reduce suffering among the Iraqi people. Oil had been Iraq's major export, and the 1990 ban devastated the economy.

Implementation of the "oil for food" plan has been delayed because of technical problems and differences in interpretation of the details between Baghdad and the United Nations.

Both sides now say the remaining issues have been resolved.

German Ambassador Antonius Eitel, chairman of the U.N. Sanctions Committee on Iraq, said the target date for the report was Dec. 10. Italian Ambassador Francesco Paolo Fulci, president of the Security Council, said he believed the oil would start flowing this month.

"Every day of delay in the implementation of this resolution means the death, the death by a terrible disease, by hunger, which is one of the worst diseases that can strike a human being," Fulci said. "That is starvation. We hope, therefore, that not one day will be lost in the implementation to save innocent, and I underline innocent, human lirt by Friday that a metering station on the pipeline between Iraq and Turkey is ready for operation.

Most of the Iraqi oil will be exported through the Kirkuk-Yumurtalik pipeline.

Iraq's Oil Minister General Amer Mohammed Rasheed said that oil will flow in "the next few days" and that aboure expected this week to sign ements to buy Iraqi oil.

But some Western diplomats believe significant exports will not begin until January.

Before Iraq invaded Kuwait, Baghdad was allowed to export 3.14 million barrels per day under OPEC ceilings. At current prices, Iraq would be allowed to export an average of between 525,000 barrels per day and 575,000 barrels a day.

That represents about 1.2 percent of the world's daily oil supply, market sources said.

032338 Dec GMT

3306 5 III 00206 -----

AP-^BC-US-Punch Line,0209<

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[turkey]

AP VVV32 Aa a---- UN-Iraq-Turkey

12-04 2:42a

Turkey Receives Permission To Ship Spare Parts To Iraq

UNITED NATIONS (AP) - Turkey received U.N. permission Tuesday to ship spare parts and equipment to Iraq for repair of the Kirkuk-Yurmurtalik pipeline, U.N. diplomats attending a meeting of the Sanctions Committee on Iraq said Tuesday.

The spare parts and equipment are to be used to ensure the pipeline will operate to carry Iraqi oil during the first phase of the U.N.-Iraq oil-for-food sale.

The committee was briefed Tuesday on progress toward implementation of the oil-for-food sale. U.N. officials told the committee that inspectors from the Dutch company Saybolt are now in Iraq to assess the pipeline's operating status.

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Mediterranean Oil Buyers Unhappy With New Iraqi Term
Prices

LONDON (Dow Jones)--Crude oil traders in the
Mediterranean complained Monday that the Iraqi term crude
prices for Europe in December were too high.

"Their European prices are very expensive. They would
have to cut them by at least 60-70 cents (a barrel) to
interest us," said a trader at one Italian oil company.

A trader at an oil major concurred: "The European
price looks very strong, but I don't think we'll really
see much coming out in December anyway."

However, traders said they considered the prices set
for U.S. destinations to be more attractive.

"It looks more interesting for the U.S. than for
Europe. If they don't adjust the European price, it will
all go to the U.S.," claimed the Italian trader.

On Thursday, the Iraqis issued a telex setting their
crude prices for December. Kirkuk crude deliveries for
Europe were priced at dated Brent minus \$1.55 a barrel,
FOB the Turkish port of Ceyhan.

For U.S. delivery, Kirkuk crude was set at WTI minus
\$3.00 a barrel, FOB Ceyhan. Basrah Light crude was set at
WTI minus \$3.75 a barrel, FOB Mina al-Bakr (Persian
Gulf).<

· Reid

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[baghdad]

AP VVV28 Aa a----- Iraq-Oil ,0260

12-03 3:10p

Iraqi Oil to Begin Flowing Soon

BAGHDAD, Iraq (AP) - Iraq will begin exporting oil in "the next few days," ending a six-year absence from the world market, Iraq's oil minister said in an interview published Tuesday.

Gen. Amir Mohammed Rashid told the al-Qadissiya daily that his ministry was negotiating contracts with some 50 international companies and he expected agreements to be signed in Baghdad later this week.

"The next few days will witness the flow of Iraq's oil for the first time in six years," Rashid told the newspaper.

He added that "priority will be given to companies from countries which stood on Iraq's side during sanctions."

The United Nations imposed sweeping trade sanctions against Iraq after Baghdad invaded Kuwait in 1990. Last month, Iraq dropped its objections to a U.N.-monitored deal that allows Baghdad to sell dlr 2 billion in oil for an initial 180 days to buy food and medicine.

A full team of monitors will be in Iraq by this weekend and U.N. Secretary-General Boutros Boutros-Ghali is expected to give the final go-ahead for the oil-for-food deal shortly, U.N. officials said.

The agreement is an exemption from the U.N. sanctions. Security Council diplomats have said they will not consider lifting the embargo until Iraq fully cooperates with U.N. arms monitors.

Rashid said that Iraq has the capability of exporting 2 million barrels per day and could boost production to 2.5 million barrels a day within three months.

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AP VVV26 Aa a---- UN-Iraq Oil,0349

12-02 11:14p

UN Moving On Iraq Oil Sales Plan

UNITED NATIONS (AP) - A full team to monitor Iraqi oil sales will be in the country by this weekend, signaling the imminent start of the program under which Baghdad can resume oil exports to buy food and medicine, U.N. officials and diplomats said Monday.

The monitors will join a four-member advance team from the Dutch company Saybolt, which will test a metering station on the Kirkuk-to-Yumurtalik pipeline, which must be working properly before the exports can begin.

The test on the metering station is to be conducted Tuesday. Once the station is deemed operable, U.N. Secretary-General Boutros Boutros-Ghali is expected to give the final go-ahead, U.N. officials said.

Iraq has been barred from world oil markets since the 1990 invasion of Iraq. The Security Council imposed sweeping sanctions against Iraq and said they would not be lifted until the United Nations is satisfied that Baghdad has complied with orders to destroy weapons of mass destruction.

Last May, Iraq accepted a U.N. plan allowing it to sell dlrs 2 billion worth of oil every 180 days to buy food and medicine, pay war reparations to Kuwait and finance U.N. weapons inspections on its territory.

But the plan has been delayed by numerous issues, including Iraq's military incursion into Kurdish areas of the north last August.

U.N. officials and diplomats, speaking on condition of anonymity, said it could take another two weeks before the oil begins flowing because of bureaucratic procedures and the need to keep major U.N. member states informed of progress.

In a related development, the U.N. Sanctions Committee on Iraq is to meet Tuesday to discuss U.S. allegations that Iran has helped its former enemy Iraq sidestep the sanctions.

The United States maintains it has proof that Iraqi oil is being illegally shipped from Iraq aboard vessels provided with phony papers by the Iranian Revolutionary Guards.

Iran and Iraq have denied the charge.

022012 Dec GMT

Iraqi Foreign Minister Predicts Better Relations with Gulf

BAGHDAD, Iraq (AP) - Iraq will soon restore diplomatic relations with some Gulf states that were severed after the Iraqi invasion of Kuwait in 1990, Iraq's foreign minister said.

The remarks Sunday suggested that Iraq hopes a U.N.-monitored deal allowing it to export oil to pay for imported food and medicine will lead to an end to the six years of isolation that followed the invasion.

Kuwait and Saudi Arabia remain adamantly opposed to any reconciliation with Iraq as long as Saddam Hussein stays in power.

But the United Arab Emirates and Qatar have called for better ties. The Emirates may ask other Gulf countries to resume dealings with Iraq during a Gulf Cooperation Council summit this month.

"Diplomatic ties will be resumed with some of the Gulf states in the near future," Foreign Minister Mohammed Saeed al-Sahaf was quoted as telling Iraq's parliament by Al-Thawra newspaper.

He did not say which countries might restore relations.

Al-Sahaf said 14 U.N. experts were on their way to the region to monitor the oil-for-food deal, and other Iraqi officials said they could arrive in Iraq and Turkey as early as Tuesday.

He also was quoted Monday as saying that Iraq has started to sign contracts with international oil companies under the deal, according to a report by the official Iraqi news agency.

But the authoritative oil newsletter MEES said Monday that negotiations between Iraq and several international oil firms on sales agreements were due to start in Baghdad on Wednesday.

These talks were expected to continue until Dec. 20, according to the Cyprus-based Middle East Economic Survey.

Last week, the Iraqi government dropped its objections to the deal, allowing it to sell dlr 2 billion in oil over an initial period of 180 days to buy food and medical supplies.

Iraqi Trade Minister Mohammed Mehdi Saleh met Jordanian officials Sunday to discuss Jordanian exports under the deal.

Iraq will receive food and medicine through the Jordanian port of Aqaba on the Red Sea and the Iraqi port of Umm Qasr on the Gulf.

The United Nations, however, has said the lifting of all sanctions will not come until Iraq fully cooperates with U.N. inspectors overseeing the destruction of Iraq's weapons of mass destruction.

Iraq Ready to Start Pumping Oil Next Month

Eds: RECASTS lead to UPDATE with Iraq saying it is ready to pump oil in December, CORRECTS that Oil Minister spoke earlier this year, UPDATES with inspectors in Iraqi, dinar prices, Iraqis celebrating.

By WAIEL FALEH

Associated Press Writer

BAGHDAD, Iraq (AP) - Baghdad is ready to start pumping oil as soon as possible next month, Iraqi television reported Wednesday.

Formal U.N. approval of a oil-for-food deal may come as early as this week, allowing Iraq a limited return to the oil market, its first in six years.

Word of the deal has thrilled Iraqis, whose plight has steadily worsened under the U.N. trade sanctions.

Iraqis fired guns into the air Wednesday night in celebration after a U.N. committee approved an oil pricing formula, clearing away a major barrier blocking the final go-ahead for the deal.

"Iraqi oil exports will begin as soon as possible next month," Iraqi television said Wednesday.

Prices for rice, flour and sugar have fallen by as much as half as the Iraqi currency gained strength. The dinar's value increased to 700 to the dollar as compared to 1,700 to the dollar Monday morning.

Iraq had approved the U.N. deal in May, allowing it to sell dlrs 2 billion of oil over six months to pay for imported food and medicine.

But implementation was blocked because Iraq insisted on restricting the number of observers to monitor the program. The United States then held up the plan in September after an Iraqi military incursion into protected Kurdish areas in the north.

The U.N. secretary-general must still give a formal go-ahead - made possible by Iraq's decision Monday to drop its long-standing objections.

"Iraq is ready to start pumping oil as soon as the green light is given from the United Nations," Oil Minister Amer Rasheed said earlier this year.

Iraq's U.N. ambassador said Iraqi oil could be on the international market by next week, and Turkish officials said Tuesday that a pipeline that will carry the oil was ready to go.

Three British monitors from Lloyd's of London arrived in Baghdad on Wednesday to inspect border points which will be used for transporting food and medicine.

OPEC ministers, meeting in Vienna, Austria, shrugged off the threat of Iraq's return to the market and appeared ready to maintain their current production ceiling.

But analysts say Iraq's resumed exports could push oil prices lower, harming OPEC and helping oil consumers.

Across the Arab world, the spread of hunger and disease in Iraq has angered many who have no sympathy for Saddam Hussein's rule.

Sweeping U.N. trade sanctions were imposed after Iraq invaded Kuwait in August 1990. Security Council diplomats said they will not consider lifting the sanctions until Iraq fully cooperates with U.N. weapons monitors.

Iraqi Dailies See End of U.N. Economic Sanctions Nearing

By WAIEL FALEH

Associated Press Writer

BAGHDAD, Iraq (AP) - Iraq's state-run newspapers said Thursday that the oil-for-food deal nearing completion with the United Nations was "a crack" in U.N. sanctions that signaled an end to the economic embargo on Iraq was near.

The state-run daily Al-Qadissiya said the deal, which will allow Iraq to sell oil worth dlrs 2 billion over six months to buy food and medicine, resulted from Iraq's patience and was not a favor from anyone.

"The crack in the sanctions wall is now dug. All it takes is a little more patience to end the whole sanctions," the paper said in an editorial.

It added "the agreement was a result of the international support for Iraq and the total isolation of the United States, which caused in the past many delays in the implementation of the deal."

A page 1 headline in the daily Al-Iraq also predicted "The complete end of sanctions is nearing."

A pricing mechanism was approved Wednesday by the U.N. Sanctions Committee, clearing a key hurdle for completion of the agreement.

Formal U.N. approval of the deal could come within the next two weeks, permitting Iraq to return to the oil market for the first time since a U.N. economic embargo was imposed after Baghdad invaded Kuwait in 1990. The measures devastated Iraq's oil-based economy.

Meanwhile, Babil, the daily owned by President Saddam Hussein's son Odai, attacked the United States on its decision to evacuate 5,000 Kurds who work for American humanitarian groups from the protected zone in northern Iraq.

The State Department announced the move Monday, saying the Kurdish aid workers were in danger from Iraqi security forces.

In the editorial titled "Dirty Secrets," Babil said, "The U.S. is taking 5,000 of its agents ... out of Iraq. If they were normal employees, then why would America fear for their safety?"

"This move shows that America knows its plots in the region have been exposed ... so it took out of the country the CIA agents who were meant to harm Iraq," the editorial added.

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AP VVV09 Aa ----- OPEC, 1st Ld-Writethru,0598

11-28 1:12p

OPEC Likely To Keep Production Ceiling Steady

EDs: LEADS with OPEC back in session, OPEC secretary-general declining comment on Venezuelan production forecasts.

By DIRK BEVERIDGE

AP Business Writer

VIENNA, Austria (AP) - OPEC ministers resumed their winter meeting Thursday, ready to maintain their current production ceiling despite the possibility that Iraq will jump back into the oil market.

"Demand is strong enough to support the return of Iraq," said Abdullah bin Hamad al-Attiyah of Qatar on Wednesday evening.

The ministers had little comment as they arrived at OPEC headquarters early Thursday in hopes of wrapping up the meeting where they have found themselves in the unusual position of getting the oil price they want.

Ministers met for just an hour Wednesday, saying they had put off any delicate talks about overproduction - a potentially vital issue if Iraq comes back after a ban imposed by the United Nations right after Iraq invaded fellow OPEC member Kuwait in August 1990.

If the Iraqi oil finally flows, the timing might not be so bad for OPEC. The cartel is enjoying its highest crude oil prices in years, well above the target of dlrs 21 per barrel since September and ministers say, publicly anyway, that strong demand could cushion any shocks from Iraq's return.

OPEC has indicated it will roll over its production ceiling of 25.033 million barrels a day. But analysts say cheating by some members has pushed the total to around 26 million barrels a day and the quota-busting must be addressed when Iraq comes back to avoid a plunge in prices.

The return of Iraq, with the world's second largest oil reserves after Saudi Arabia, has hung over the market for years. Analysts believe Iraqi oil sales could push prices lower: bad news for OPEC but good news for oil consumers who have been hit by recent prices in the dlrs 22 to dlrs 23 a barrel range.

Iraq said this week it is getting close to resuming limited oil sales under a deal with the United Nations that will provide humanitarian relief for suffering Iraqis.

Although no deal is in hand, Iraqi oil figure Osama Abdul Razzak al-Hiti, an adviser to President Saddam Hussein and the head of the Iraqi delegation at this OPEC meeting, said other oil ministers gave him a warm welcome.

"This uncertainty is gone now," al-Hiti told reporters, adding that Iraq could be back within weeks, easily pumping the 1.2 million barrels a day that OPEC had previously counted on.

But traders have heard this before and many don't believe Iraq will deliver. Crude oil for delivery in January rose 13 cents Wednesday to close at dlrs 23.75 a barrel on the New York Mercantile Exchange, before traders took off for the Thanksgiving holiday in the United States.

The high price has apparently made it more difficult for OPEC to raise cheating as an urgent issue.

OPEC's secretary-general, Rilwanu Lukman of Nigeria, declined comment Thursday on reports from Caracas saying Venezuela plans to pump 3.25 million barrels of oil a day next year, nearly 900,000 barrels above its OPEC quota.

"Why are you so paranoid about this overproduction?" Lukman asked.

Venezuelan oil minister Erwin Arrieta has repeatedly denied violating production quotas, and he rushed past journalists early Thursday with no comment on the report.

OPEC members are: Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

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^Turkey Says Iraq to Sell Oil By Dec 15<

ANKARA, Turkey (AP) _ Iraq will begin limited oil sales through Turkish-Iraqi pipeline by Dec. 15, a Turkish cabinet minister said Thursday.

``The oil transportation (through the pipeline) will begin with 15 days,`` State Minister Lutfu Esengun told reporters at the end of a cabinet meeting. ``All preparations have been completed.``

Officials have said that the Turkish stretch of the pipeline between Iraqi oil fields and Turkey's Mediterranean port of Yumurtalik, is ready to carry the oil as soon as the United Nations gives the go-ahead.

Iraq on Monday accepted final U.N. conditions for the implementation of the oil-for-food deal which allows it to sell up to dlr 2 billion of oil for an initial period of six months to buy food and medicine.

The pipeline has been idle since the United Nations imposed sanctions on Iraq because of its 1990 invasion of Kuwait.

Turkey estimates it has incurred losses amounting to dlr 30 billion from the pipeline's shut-down.

(sf)

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Iraq Says Return To Oil Market Will Remove Question Marks

EDs: UPDATES and RECASTS throughout with fresh minister quotes;

EDITS to tighten, delete dated material.

By DIRK BEVERIDGE

AP Business Writer

VIENNA, Austria (AP) - OPEC ministers met briefly Wednesday but put off any talks on overproduction - a potentially vital issue if Iraq returns to the oil market any time soon.

"We postponed the critical questions until tomorrow," said Libyan oil minister Abdalla Salem el-Badri, who was chosen as the new OPEC president.

OPEC is enjoying its highest crude oil prices in years, well above the target of dlrs 21 per barrel it hit in September.

The ministers have indicated they will roll over their production ceiling of 25.033 million barrels a day. But analysts say cheating by some members has pushed the total to around 26 million barrels a day and the quota-busting must be addressed when Iraq comes back to avoid a plunge in prices.

Iraq is represented at the meeting by Osama Abdul Razzak al-Hiti, a former oil minister who now is an adviser to President Saddam Hussein. Iraq said this week it had agreed to all United Nations conditions for a limited oil-for-food sale, and although no deal is in hand al-Hiti said other ministers gave him a warm reception.

Oil traders have worried for years that Iraq's return could depress prices. But prices have held firm this week, showing little change Wednesday afternoon on the London and New York futures markets.

"This uncertainty is gone now," al-Hiti told reporters after OPEC ministers opened their winter meeting and adjourned for the day after about an hour of private discussions.

Al-Hiti said Iraq could be back within weeks, easily pumping the 1.2 million barrels of oil a day that OPEC had previously counted on.

The outgoing OPEC president, United Arab Emirates oil minister Rakadh Bin Salem Bin Hamed Bin Rakadh, warned the others that that markets could stay volatile after catching traders by surprise with the highest sustained prices in years.

"We must guard against the situation being taken for granted," Rakadh said. "As we are well aware, market fortunes can change radically and rapidly in a short space of time."

News that Iraq could be back hit prices on Monday, but they have since regained their lost ground. OPEC has gotten between dlrs 22 and dlrs 23 a barrel for its crude lately, the top price in years.

Some traders don't believe the Iraqi oil will flow, after several false starts in the negotiations between Iraq and the United Nations, which banned Iraqi crude sales shortly after Saddam ordered the invasion of Kuwait six years ago.

But oil ministers say buoyant demand as the big industrialized nations head into the peak winter season will keep markets firm with or without Iraq.

"Demand is strong enough to support the return of Iraq," said Abdullah bin Hamad al-Attiyah, the Qatari oil minister.

OPEC members are: Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

UN Continues Steps Toward Resuming Sales of Iraqi Oil

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - The United Nations moved closer Wednesday to allowing Iraq to resume oil sales by submitting an interim report to the Security Council outlining procedures for exports and distribution of food and medicine purchased with oil revenues.

The U.N. Sanctions Committee on Iraq was also expected to approve a formula for setting the price of Iraqi oil assuming none of the 15 members raises objections Wednesday.

U.S. officials say they will not object to the formula, and the other committee members have indicated they will accept it too.

Last Monday, Iraq accepted the remaining U.N. conditions blocking implementation of a plan under which Baghdad can sell dlrs 2 billion worth of oil for an initial 180-day period to buy food and medicine.

The United Nations banned Iraqi exports as part of an economic embargo imposed after Baghdad invaded Kuwait in 1990. The measures devastated Iraq's oil-based economy.

Last May, Iraq accepted a U.N. offer allowing for limited oil sales under international supervision. But the plan was never implemented because of technical issues, differences with Iraq over interpretation and Baghdad's military incursion into protected Kurdish areas of the north in August.

But with Iraq's acceptance of U.N. conditions, the United States and other major powers said the way was now open for Secretary-General Boutros Boutros-Ghali to give the go-ahead to the plan as soon as final steps have been taken.

The 50-page interim report, submitted to the council by U.N. Undersecretary-General Chinmaya Gharekhan, said about two-thirds of the revenues from the sales, or about dlrs 1.32 billion, will pay for humanitarian supplies for Iraqi civilians.

Of that, dlrs 260 million will go to Iraqis living in Kurdish areas of the north. About 30 percent of the revenues will compensate victims of the Gulf War and the rest for administrative costs and the U.N. program to monitor Iraq's weapons programs.

"The distribution plan confirms the willingness of the government of Iraq to cooperate fully ... (allowing) unrestricted freedom of movement and access to United Nations personnel," the report said.

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AP VVV04 Aa ----- Iraq-Oil,0430

11-27 2:03p

Iraq Ready to Start Pumping Oil As Soon As Deal Is Reached By WAIEL FALEH

Associated Press Writer

BAGHDAD, Iraq (AP) - Iraq can start pumping oil as soon as the United Nations approves an oil-for-food deal that Iraqis hope will end their mounting hardships, Iraq's oil minister said Wednesday.

The formal approval may come as early as this week, allowing Iraq a limited return to the oil market, its first in six years.

Word of the deal has thrilled Iraqis, whose plight has steadily worsened under the U.N. sanctions. Prices for rice, flour and sugar fell by as much as half as the Iraqi currency gained strength.

On Wednesday, the dinar's value jumped to 850 to the dollar, its highest mark in nearly a year.

Iraq had approved the U.N. deal in May, allowing it to sell dlrs 2 billion of oil over six months to pay for imported food and medicine.

But implementation was blocked because Iraq insisted on restricting the number of observers to monitor the program. The United States then held up the plan in September after an Iraqi military incursion into protected Kurdish areas in the north.

The U.N. secretary-general and the U.N. sanctions committee must still set a price for the oil and give a formal go-ahead - made possible by Iraq's decision Monday to drop its long-standing objections.

"Iraq is ready to start pumping oil as soon as the green light is given from the United Nations," Oil Minister Amer Rasheed said.

Earlier, Iraq's U.N. ambassador said Iraqi oil could be on the international market by next week, and Turkish officials said Tuesday that a pipeline that will carry the oil was ready to go.

OPEC ministers, meeting in Vienna, Austria, shrugged off the threat of Iraq's return to the market and appeared ready to maintain their current production ceiling.

But analysts say Iraq's resumed exports could push oil prices lower, harming OPEC and helping oil consumers.

Across the Arab world, the spread of hunger and disease in Iraq has angered many who have no sympathy for Saddam Hussein's rule.

"Nobody, no matter what their psychological reactions are, can approve of starving the Iraqi people," wrote Ahmed al-Rubei, a former Kuwaiti parliament deputy, in the independent Al-Qabas daily there.

Abdul-Rahman al-Zeid, a Saudi Arabian businessman, called the agreement long overdue, a sentiment shared by many.

"If they want to punish someone, it should be Saddam Hussein, not the people of Iraq," he said.

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^Turkey Awaits Formal U.N. Go-Ahead For Iraqi Oil Sale<

ANKARA, Turkey (AP) _ A twin pipeline between Iraqi oil fields and Turkey's Mediterranean port in Yumurtalik is ready to carry oil as soon as the United Nations gives the go-ahead, Turkish officials said Tuesday.

"There is no problem at our side," said Ali Dogan, a spokesman for the state Botas pipeline company.

On Monday Iraq accepted the remaining U.N. conditions blocking implementation of the oil-for-food deal.

Dogan said a technical delegation went to Iraq on Sunday to examine the status of the pipeline that will carry oil from the Kirkuk oil fields to Yumurtalik.

Energy Minister Recai Kutan accepted an Iraqi invitation to attend ceremonies to mark the opening of the pipeline in Kirkuk, the Anatolia news agency said Tuesday.

Iraq's U.N. ambassador, Nizar Hamdoon, suggested that Iraqi oil could be on the international market by early December.

The pipeline has been idle since the United Nations imposed sanctions on Iraq because of its 1990 invasion of Kuwait, which led to the Gulf War.

Turkey's losses have amounted to dlr 30 billion from its closure.

The U.N.-monitored sale, agreed on in May, was delayed when the Iraqi military intervened in the Kurdish fighting in northern Iraq in early September. Under the U.N. provisions, Iraq can sell up to dlr 2 billion of oil for an initial period of 180 days to buy food and medicine for its people.

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AP VVV97 Aa ----- UN-Iraqi Oil, 1st Ld,0251

11-25 8:26p

Iraq Announces Acceptance of Remaining U.N. Issues on Oil-For-Food
Eds: UPDATES with UN comment, oil prices.

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Iraq has reached "full agreement" with the United Nations on the remaining issues standing in the way of implementation of an oil-for-food deal, the Iraqi U.N. ambassador said Monday.

Secretary-General Boutros Boutros-Ghali must give the formal go-ahead, which would allow Iraq to re-enter world oil markets for the first time in six years.

The U.N. Sanctions Committee also must sign off on a formula for setting the price of Iraqi oil. On Friday, U.S. officials said the committee would approve the formula, perhaps this week.

"We have reached full agreement with them," Iraqi Ambassador Nizar Hamdoun told reporters after meeting with U.N.

Undersecretary-General Chinmaya Gharekhan.

U.N. spokesman Sylvana Foa confirmed that the United Nations had received a letter from the Iraqi government accepting the conditions. She said Boutros-Ghali expected "movement on the process" in the coming weeks.

Oil prices dropped from a 20 cent gain over Friday's finish to a 50 cent deficit when the news was announced. Prices, however, recovered somewhat and were trading down 18 cents at dlrs 23.57 per barrel of light, sweet crude on the New York Mercantile Exchange at midday Monday.

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Iraq Announces Acceptance of Remaining U.N. Issues on Oil-For-Food
Eds: Albright calls Iraqi statement "very positive news"

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Iraq on Monday accepted the remaining U.N. conditions blocking implementation of the oil-for-food deal, and the U.S. ambassador said the United Nations is now ready to go forward with the sales.

In May, Iraq accepted a U.N. offer to allow Baghdad to sell dlrs 2 billion worth of oil over six months to buy food and medicine.

But implementation of the plan had been blocked because Iraq had insisted on restricting the number of observers to monitor the program. President Clinton said last September the plan was on hold because of Iraq's military incursion into protected Kurdish areas in the north.

"We have reached full agreement with them," Iraqi Ambassador Nizar Hamdoon said. "All the aspects of the process, including the number of observers, including the way of movement and all the aspects of the (deal) have been discussed and they have been agreed upon."

U.N. officials said some "minor" technical points needed to be ironed out, but Hamdoon said oil exports could resume as early as next month.

Oil prices dropped from a 20 cent gain over Friday's finish to a 50 cent deficit when the news was announced. Prices, however, recovered somewhat and were trading down 18 cents at dlrs 23.57 per barrel of light, sweet crude on the New York Mercantile Exchange at midday Monday.

Secretary-General Boutros Boutros-Ghali must give the formal go-ahead, which would allow Iraq to re-enter world oil markets for the first time in six years.

The U.N. Sanctions Committee also must sign off on a formula for setting the price of Iraqi oil.

U.S. Ambassador Madeleine Albright said the United States expected to approve the formula when it goes before the committee. The other 14 committee members are also expected to endorse the formula.

Albright said the Iraqi agreement was "very positive news" for the Iraqi people, who have been suffering from the effects of an oil embargo and international sanctions imposed after Baghdad invaded Kuwait in 1990.

But the Security Council has refused to lift the sanctions entirely until it is satisfied that Iraq has complied with U.N. orders to dismantle its weapons of mass destruction.

"Apparently, the secretary-general is ready to go forward with implementation of (the deal) because of an agreement by the Iraqis to abide by the (May) memorandum of understanding," Albright said. "The United States is very pleased at this action."

It was unclear when the sanctions committee would approve the pricing formula. The chairman of the committee, German Ambassador Antonius Eitel, said he would have to receive an assessment of the plan from the four oil market experts hired by the United Nations before giving final approval.

Asked whether the situation in northern Iraq could still delay the oil sales, Hamdoon replied: "We don't see any reason for the process to stop or to be blocked by this."

"We don't see any reason that any situation right now should impede the implementation or stop the starting up."

After it became clear the United States would accept the pricing formula, the major political hurdles that still had to be overcome were the four demands Iraq placed on the United Nations last month.

Those demands were:

- All Iraqis currently employed by the United Nations must be fired and replaced with Iraqis approved by Baghdad;
- The number of monitors in part of the food distribution network must be reduced from 150 to 90;
- Iraq must be designated the beneficiary of an escrow account that will hold proceeds of the oil sale;
- Notice must be given of imminent arrival of oil-sale inspectors and monitors and limits may be imposed on their freedom of movement within Iraq.

Hamdoon indicated Monday that those demands have been dropped and that Iraq is ready to accept the plan signed by Iraq and the United Nations on May 20.

Iraq Announces Acceptance of Remaining U.N. Issues on Oil-For-Food

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Iraq has reached "full agreement" with the United Nations on the remaining issues standing in the way of implementation of an oil-for-food deal, the Iraqi U.N. ambassador said Monday.

Secretary-General Boutros Boutros-Ghali must give the formal go-ahead, which would allow Iraq to re-enter world oil markets for the first time in six years.

The U.N. Sanctions Committee also must sign off on a formula for setting the price of Iraqi oil. On Friday, U.S. officials said the committee would approve the formula, perhaps this week.

"We have reached full agreement with them," Iraqi Ambassador Nizar Hamdoon told reporters after meeting with U.N.

Undersecretary-General Chinmaya Gharekhan.

There was no immediate comment from the United Nations.

In May, Iraq accepted a U.N. offer to allow Baghdad to sell dlrs 2 billion worth of oil for an initial period of 180 days to buy food and medicine for its people, who are suffering the effects of international sanctions.

Iraq has been barred from exporting oil since its 1990 invasion of Kuwait. The Security Council has refused to lift the sanctions until it is satisfied that Iraq has complied with U.N. orders to dismantle its weapons of mass destruction.

Implementation of the deal has been delayed by a number of issues, including details on the number of U.N. observers and their "freedom of movement."

In September, Boutros-Ghali put the deal on hold after Iraq sent troops into protected areas of Kurdish northern Iraq to intervene in fighting between Kurdish factions.

Hamdoon said Monday he thought oil could begin flowing in December, pending completion of repairs on an oil pipeline through Turkey and approval by the sanctions committee.

"All the aspects of the process, including the number of observers, including the way of movement and all the aspects of the (deal) have been discussed and they have been agreed upon," he said.

Hamdoon did not elaborate.

Asked whether the situation in northern Iraq could still delay the oil sales, Hamdoon replied: "We don't see any reason for the process to stop or to be blocked by this."

"We don't see any reason that any situation right now should impede the implementation or stop the starting up."

There was no comment from the United Nations.

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- Iraq must be designated the beneficiary of an escrow account that will hold proceeds of the oil sale;
- Notice must be given of imminent arrival of oil-sale inspectors and monitors and limits may be imposed on their freedom of movement within Iraq.

Hamdoon indicated Monday that those demands have been dropped and that Iraq is ready to accept the plan signed by Iraq and the United Nations on May 20.

"Iraq is now ready to ... agree to the implementation of the resolution," Hamdoon said.

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[turkey]

AP VVV96 Aa ----- UN-Iraqi Oil,0461

11-25 7:25p

Iraq Announces Acceptance Of Remaining U.N. Issues On Oil-For-Food
By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Iraq has reached "full agreement" with the United Nations on the remaining issues standing in the way of implementation of the oil-for-food deal, the Iraqi U.N. ambassador said Monday.

U.N. Secretary-General Boutros Boutros-Ghali must give the formal go-ahead, which would allow Iraq to re-enter world oil markets for the first time in six years.

The U.N. Sanctions Committee must also sign off on a formula for setting the price of Iraqi oil. Last Friday, U.S. officials said the committee would approve the formula, perhaps this week.

"We have reached a full agreement with them," Iraqi Ambassador Nizar Hamdoun told reporters after meeting with U.N. Undersecretary-General Chinmaya Gharekhan.

Last May, Iraq accepted a U.N. offer to allow Baghdad to sell dlr 2 billion worth of oil for an initial period of 180 days to buy food and medicine for its people suffering the effects of international sanctions.

Iraq has been barred from exporting oil since its 1990 invasion of Kuwait. The Security Council has refused to lift the sanctions until it is satisfied that Iraq has complied with U.N. orders to dismantle its weapons of mass destruction.

Although the agreement was reached last May, implementation has been delayed by a number of issues, including details on the number of U.N. observers and their working conditions.

Last September, Boutros-Ghali put the deal on hold after Iraq sent troops into Kurdish protected areas of northern Iraq to intervene in fighting between rival Kurdish factions.

Hamdoun did not discuss details of the agreement but they presumably included such issues as the number of U.N. observers allowed in the country and their "freedom of movement."

Hamdoun said he thought oil could begin flowing December, pending completion of repairs on an oil pipeline through Turkey and approval by the sanctions committee of the pricing formula.

"All the aspects of the process, including the number of observers, including the way of movement and all the aspects of the (deal) have been discussed and they have been agreed upon," he said.

Following the incursion into the north, President Clinton also said the oil-for-food plan was on hold. Asked whether the situation in the north could still delay the oil sales, Hamdoun replied: "We don't see any reason for the process to stop or to be blocked by this."

"We don't see any reason that any situation right now should impede the implementation or stop the starting up," he added.

251622 Nov GMT

3306 5 III 00206 -----

AP-^BC-US-Punch Line,0209<

^BC-US-Punch

[turkey]

AP VVV96 Aa ----- UN-Iraqi Oil, 1st Add,0197

11-25 7:32p

UNITED NATIONS: he added.

There was no comment from the United Nations.

After it became clear the United States would accept the pricing formula, the major political hurdles that still had to be overcome were the four demands Iraq placed on the United Nations last month.

Those demands were:

- All Iraqis currently employed by the United Nations must be fired and replaced with Iraqis approved by Baghdad;
- The number of monitors in part of the food distribution network must be reduced from 150 to 90;
- Iraq must be designated the beneficiary of an escrow account that will hold proceeds of the oil sale;
- Notice must be given of imminent arrival of oil-sale inspectors and monitors and limits may be imposed on their freedom of movement within Iraq.

Hamdoon indicated Monday that those demands have been dropped and that Iraq is ready to accept the plan as already written in a memorandum of understanding signed by Iraq and the United Nations on May 20.

"So Iraq is now ready to...agree to the implementation of the resolution," Hamdoon said.

251630 Nov GMT

u i BC-Turkey-IraqiOil 12-10 0503

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^BC-Turkey-Iraqi Oil<

^Turkey's troubled economy to benefit from Iraq's oil-for-food deal<

^With BC-Turkey-Pipeline, BC-Turkey-Iraqi Oil-Box<

^AP Photos Available<

^By SELCAN HACAOGU=

^Associated Press Writer=

YUMURTALIK, Turkey (AP) _ The U.N. embargo on Iraq left thousands of Turks jobless and deprived Turkish exporters of a major market. The entire nation felt its impact.

Six years later, U.N. final approval for an oil-for-food deal is cause for joy in Turkey, bearing the promise of jobs and hard currency.

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Firefighters washed their vehicles and workers freshened the pipeline's gray paint at a jetty in preparation for the long-awaited event.

Iraq was one of Turkey's largest trading partners before the Gulf War and the embargo imposed to punish Iraq for it.

Using a broad estimate, Turkey says the embargo has cost it dollars 30 billion. It has factored in losses throughout the economy caused by lack of trade with Iraq. The losses hit local merchants, the banking and transportation systems, the oil industry, contractors working in Iraq, airline revenues.

Truckers took up housepainting. Contractors in Iraq went home. Hundreds of car repair shops, gas stations and markets closed along the roads to Iraq in southeastern Turkey.

The Turkish economy, which already suffers from high inflation and a budget deficit, lost most needed hard currency revenues.

A prime minister, Tansu Ciller, blamed the embargo for costing her job because it contributed to the deteriorating economy, a factor in her election loss last year.

The United Nations on Monday allowed Iraq to export dollars 2 billion of oil for an initial 100-day period to buy food and medicine. The embargo was imposed to punish Iraq for the Gulf War.

On Tuesday, Turkey signed an agreement in Baghdad for the purchase of dollars 3.6 million of crude oil from Iraq per year. Its earnings are estimated to be around dollars 500 million in the next six months.

"It is far from covering the billions of dollars of losses," diplomatic columnist Sami Kohen wrote Tuesday in the daily Milliyet. "But it is better to start cutting losses than continuing to pile them up."

If Iraq complies with U.N. conditions, the oil-for-food arrangement is expected to be extended every six months. Payments for Turkish goods will come out of an escrow account containing Iraq's hard-currency oil revenues.

Sezai Ugur, a gas station owner in Ceyhan, 26 kilometers (16 miles) from Yumurtalik, complained of high transportation costs for fuel.

"The terminal sat idle next to the station while I had to bring oil from afar," he said, referring to a town 600 kilometers (360 miles) away. "Now I hope we will be able to buy Iraqi oil and reduce oil prices."

Iraq initially plans to purchase medicines, beans, margarine, cooking oil, sugar and tea from Turkey.

On Sunday, Iraqi Ambassador Rafi el-Tikriti said Turkish companies would be given priority in food purchases.

Truckers were happy.

Salman Celikadam, the head of Gaziantep Drivers and Vehicle Owners Chamber, said thousands of truck drivers were forced to take up jobs as painters, street vendors. They would be able to return to their original profession, he said.

(za/djw)

AP-LD-12-10-96 1728GMT<

u i BC-Turkey-IraqiOil 1stLd 12-10 0403

ank rom intw 233 87 biz

^BC-Turkey-Iraqi Oil, 1st Ld<

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^EDS: CORRECTS 3.6 million figure to tons, std dollars, CLARIFIES
Turkey to gain dlrs 500 million in next months in graf 11; picks up
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On Tuesday, Turkey signed an agreement in Baghdad for the purchase of 3.6 million tons (25 million barrels) of crude oil from Iraq per year. Turkey expects it will earn some dlrs 500 million in the next six months.

``It is, 12th graf pvs.

AP-LD-12-10-96 1837GMT<

RKD;H0VVV5645 5 III 00548 -----

AP-^BC-FEATURE-US-Troubled CIA

[turkey]

AP VVV62 Aa a----- Iraq-Oil-Pipeline, 4th Ld,0182

12-10 5:27p

Saddam switches on oil pipeline to signal return of exports
Eds: SUBS 3rd graf to ADD Saddam holding hands out as if invoking
prayer. Pickup 4th graf, 'Saddam, together...'

KIRKUK, Iraq (AP) - Flashing a wide grin, Saddam Hussein on
Tuesday switched on the pipeline carrying oil from this northern
Iraqi city to Turkey's Mediterranean coast, signaling Iraq's
freedom to resume limited oil exports for the first time since
1990.

Iraq was free to export oil under strict U.N. supervision at
0501 GMT Tuesday following the world body's go-ahead Monday for an
oil-for-food deal designed to alleviate the suffering of Iraq's 20
million people under six years of U.N. sanctions.

Saddam, braving heavy rains, held his hands open as if invoking
a prayer before switching on the pipeline at 11:25 a.m. (0825 GMT).
That followed his unexpected arrival at an outdoor ceremony marking
what Iraq's official news agency said was the "return of Iraqi oil
to world markets."

pickup 4th graf, 'Saddam, together...'

101426 Dec GMT

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AP-^BC-FEATURE-US-Troubled CIA

[athens]

AP VVV62 Aa a---- Turkey-Pipeline, 2nd Ld

12-10 5:48p

Iraqi oil export delayed by electrical fault

Eds: INSERTS after 5th graf with Turkish official saying
communications tests between terminals working well

ANKARA, Turkey (AP) - Iraq's export of limited amounts of oil
through a pipeline to Turkey has been delayed because of an
electrical fault in Iraq, a Turkish official said Tuesday.

Fatih Sen, director of the Yumurtalik terminal on the
Mediterranean coast, told state television that the pumping of oil
was delayed because of a fault near Kirkuk in the Iraqi oil fields.

He gave no information when the problem would be rectified.

Ahmet Bulca, a technical director with state-owned pipeline
company BOTAS stated that Iraq authorities have not provided
information about the technical problem yet.

"We have asked for clarification for the delay but we have had
no answer," Bulca said.

He said communications tests between terminals had been
conducted at 10:00 am. local time (0700 GMT). "Everything worked
well then."

Earlier, Iraqi President, 6th graf pvs

101446 Dec GMT

Saddam switches on oil pipeline to signal return of exports
Eds: UPDATES throughout with color on Saddam, Turkish report that technical fault preventing actual pumping of oil, local market reaction to delay, DELETES outdated material, minor edits.

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Saddam, braving heavy rains, switched on the pipeline at 11:25 a.m. (0825 GMT) following his unexpected arrival at an outdoor ceremony marking what Iraq's official news agency said was the "return of Iraqi oil to world markets."

Saddam, together with the senior government officials accompanying him to the ceremony at Kirkuk, wore military uniforms. Their arrival led to jubilation among participants, who included hundreds of Iraqi citizens.

It was not immediately known why Saddam switched on the pipeline more than three hours after the time when Iraq was free to pump oil, but the delay could have been caused by a power outage in the Kirkuk area resulting from heavy rains.

Saddam's gesture, however, might have been symbolic.

Fatih Sen, director of the Yumurtalik oil export terminal on Turkey's Mediterranean coast, told state-owned television station TRT in a live interview that the pumping of oil had not yet begun because of a fault near Kirkuk. He did not say what was the nature of the fault or when it was expected to be rectified.

The delay led to speculations in Baghdad, the Iraqi capital some 250 kilometers (155 miles) south of Kirkuk, that last minute snags might have prevented the implementation of the oil-for-food deal.

The speculations had an immediate impact on the exchange rate of the dinar, Iraq's beleaguered currency, pushing down its value against the dollar, and causing a sudden rise in the price of basic food items.

Later, official media reports on Saddam's arrival at Kirkuk froze currency dealings amid popular expectations that the news would later Tuesday significantly strengthen the dinar and cut food prices.

Iraqi Oil Minister Gen. Amir Mohammed Rashid, in Kirkuk at first light Tuesday to take part in the ceremony, said Iraq will favor Turkey in oil contracts, but gave no details.

Exports from Iraq's Mina al Bakr on the Gulf were expected to start on Friday or Saturday, he added.

The oil-for-food deal, reached last May, is a reprieve from the U.N. sanctions imposed on the country following its 1990 invasion of Kuwait. It allows Iraq to export dlrs 2 billion worth of oil over an initial 180-day period to buy food and medicine, sorely needed as a result of the sanctions.

Iraqis poured into the streets Monday night on hearing news of the U.N. green light for the oil-for-food deal, dancing, singing and firing shots into the air in scenes of jubilation.

In New York, Iraqi U.N. Ambassador Nizar Hamdoon said exports could resume in a few days, and U.N. officials said about 260 companies from 25 countries have officially expressed interest in bidding for Iraqi contracts, though no contracts have been approved.

Speaking to reporters at Kirkuk Tuesday, Oil Minister Rashid said he had submitted two oil contracts Monday night to the United Nations for approval. He gave no details.

The U.N. sanctions on Iraq can only be lifted when the U.N. Security Council is satisfied that Iraq has dismantled programs to develop long-range missiles and weapons of mass destruction.

RMA1630-----

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^BC-Turkey-Pipeline, 2nd Ld<

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^Eds: INSERTS after 5th graf with Turkish official saying
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^BC-Turkey-Pipeline, 1st Ld-Writethru<

^Iraqi oil export delayed by electrical fault<

^Eds: INSERTS that Turkey not notified on cause for delay, CORRECTS
in 8th graf to Tuesday date of agreement between Turkish and Iraqi
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The agreement was signed in Baghdad between TUPRAS and the Iraqi
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(sf)

AP-LD-12-10-96 1335GMT<

233 87 intw rom cai biz

^BC-Turkey-Pipeline<

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(sf)

AP-LD-12-10-96 1215GMT<

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AP-^BC-FEATURE-US-Troubled CIA

[greek]

AP VVV64 Aa a----- Turkey-Iraqi Oil, 1st Ld

12-10 9:42p

Turkey's troubled economy to benefit from Iraq's oil-for-food deal
EDS: CORRECTS 3.6 million figure to tons, sted dollars, CLARIFIES
Turkey to gain dlrs 500 million in next months in graf 11; picks up
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(za/djw)

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AP-^BC-FEATURE-US-Troubled CIA
[baghdad]
AP VVV63 Aa a----- UN-Fishing,0737

12-10 8:52p

UN debate on Law of the Seas leaves environmentalists disappointed
By ROBERT H. REID
Associated Press Writer

UNITED NATIONS (AP) - The annual U.N. General Assembly review of efforts to protect the world's oceans left environmentalists disappointed and fearing that the international community remains divided on protecting one of the Earth's vital resources.

On Monday, the 185-member General Assembly called on countries to become parties to the U.N. Convention on the Law of the Seas. It also expressed concern about diminishing fish stocks and urged countries to punish those who violate the global moratorium on large-scale drift-net fishing.

The vote on the resolution urging countries to accept the Law of the Seas convention was 138-1 with four abstentions. Turkey voted against it, and Ecuador, Peru, Tajikistan and Venezuela abstained. The resolutions on fish stocks and drift-net fishing were adopted without a vote.

But the World Wildlife Fund complained that the debate produced little more than empty rhetoric and avoided taking on such issues as overfishing and chemical pollution of the seas.

"We're still asking ourselves is the political will there among the major fishing nations or whether they're just interested in the short term," said Joy Hyvaringen of the World Wildlife Fund, known as the World Wide Fund for Nature outside of the United States and Canada.

She pointed out that there are currently more than 100 international treaties, conventions and agreements which deal with the oceans and fish stocks. Many of them overlap and in some cases conflict with one another.

Despite all these agreements, environmentalists fear that little substantial is being done to protect fishing stocks and prevent pollution of the seas. For example, U.N. agencies estimate that 70 percent of the fish stocks worldwide are seriously depleted.

Even if curbs on overfishing were strictly and effectively enforced, the U.N. Food and Agriculture Organization estimates it would take 10 years to restore world tuna stocks to an acceptable level.

"The General Assembly should be able to play a role in coordinating all these agreements and identifying new issues," Hyvaringen said.

In 1994, the General Assembly agreed to review annually the status of the Convention on the Law of the Seas, which chief international agreement which governs international use of the world's oceans.

The International Law of the Sea, which took effect in 1994 after 11 years of negotiations, regulates the use of the world's ocean resources in everything from deep-sea fishing to seabed mining.

The United States opposed provisions in an earlier version that required mining companies to pay huge fees before commercial mining or exploration and to share their seabed technology with developing nations.

Although most of those provisions were eliminated, neither the United States nor Britain has become a party to the convention. The Clinton Administration supports ratification of the Law of the Sea treaty but conservatives in the Senate are blocking it.

In a statement Tuesday, the World Wildlife Fund cited several areas which need urgent attention but which the General Assembly failed to address in detail. They include the dumping of endocrine disruptors -- synthetic chemicals which cause reproductive abnormalities -- and the reluctance of regional organizations to adopt the U.N. agreement to protect fish stocks.

Of the 20 countries that account for 80 percent of the world's fish catch, nearly half have not signed the U.N. Fish Stocks Agreement. They include Peru and Chile, the world's second and fourth largest fishing nations.

U.N. officials say the problem in dealing effectively with ocean protection is that many countries believe their national sovereignty is at stake.

For example, Turkey voted against the resolution urging support for the Law of the Sea because it did not make "special provision for geographic situations," such as conflicting claims between Greece and Turkey in the Aegean Sea.

Delegate Nguyen Duy Chien of Vietnam used the debate to restate its claim on the Paracels and Spratly islands of the South China Sea, which are also claimed by China and other Southeast Asian countries.

Saddam switches on oil pipeline to signal return of exports
Eds: UPDATES with U.N. monitors considering contracts, minor editing throughout.

With BC-Iraq-Reaction

KIRKUK, Iraq (AP) - Grinning broadly, Saddam Hussein made a surprise appearance Tuesday at a pumping station in northern Iraq to open the pipeline carrying the country's first oil exports in six years.

But shortly after, Iraq had to stop the pumping because the United Nations had not approved any contracts for delivery of the oil, U.N. officials said.

U.N. Secretary-General Boutros Boutros-Ghali gave the OK a day earlier to allow Iraq to make limited oil sales under a closely monitored deal. The revenue will pay for compensation to Gulf War victims, U.N. weapons monitoring and imported commodities for a beleaguered economy cut off by the sanctions imposed following Iraq's invasion of Kuwait in 1990.

Iraq heralded the deal as a great victory, even though Saddam had initially rejected the monitoring as an affront to the country's sovereignty.

Ordinary Iraqis have been suffering with shortages of virtually everything from medicine to paper. The regime has told citizens that enduring "the siege" was a sign of patriotism.

"Iraq's black gold flowed today, marking the first step on the route to prosperity for Iraqis under the leadership of President Saddam Hussein," the government al-Iraq newspaper said in an editorial.

Saddam and senior government officials, all in military uniforms, arrived in heavy rains for the ceremony in Kirkuk, site of a long-dormant oil pipeline that runs to Turkey's Mediterranean coast. The Iraqi leader held his hands open as if invoking a prayer before switching on the conduit at 11:25 a.m. (0825 GMT).

The Iraqi return to world oil markets did not go without a hitch, however. Heavy rains in the area caused a power outage, and Fatih Sen, director of the Yumurtalik oil export terminal in Turkey, told state TV that the pumping was delayed because of a fault near Kirkuk. He did not say what the problem was or when it would be fixed.

Some 29,000 barrels of oil were sent through the pipeline before the pumping came to a halt, said Ahmet Bulca, a technical director with state-owned Turkish pipeline company Botas.

In New York, U.N. officials said no contract for delivery of the oil had been approved by the United Nations.

Once the ceremony was over, U.N. monitors from the Dutch firm Saybolt promptly shut down the pipeline until they received confirmation the contracts were approved, the officials added.

They said the mixup was not considered a serious breach of the agreement and would not affect its implementation.

U.N. officials said about 260 companies from 25 countries have officially expressed interest in bidding for the contracts, and that contracts were under consideration. There was no immediate word on when approval might be given.

In Baghdad, newspapers devoted most of their front pages to news of the oil deal, saying it constituted the first crack in the crippling U.N. sanctions. The arrangement, reached last May but delayed by Saddam's objections and U.S. government anger at incursions into Kurdish protected areas in northern Iraq, allows the export of dlrs 2 billion worth of oil over six months.

The final go-ahead came Monday night at U.N. headquarters in New York, and jubilant Iraqis poured into the streets on hearing news, dancing, singing and firing shots into the air.

About 150 U.N. inspectors will make sure humanitarian supplies are distributed equitably under the program, and another 30 will monitor food and medicine imports. The oil flow will be overseen by 14 U.N. inspectors.

World oil prices were not expected to fall with the resumption of Iraqi exports, at least in the short term.

With the onset of winter - and increased need for heating oil - demand is believed to be strong enough to support the extra 500,000 or so barrels that Iraq would ship per day. The amount is a fraction of the 72 million barrels the world uses daily or the 17.5 million barrels that U.S. consumers demand.

"Any more crude is welcome," said Kenza Garcia-Robles, an oil expert with the Petroleum Intelligence Weekly in New York.

The full U.N. sanctions on Iraq can only be lifted when the Security Council is satisfied that Iraq has dismantled programs to develop long-range missiles and weapons of mass destruction.

Crude, products tumble with Iraqi oil set to flow as U.S. supply grows

By CLIFF EDWARDS

AP Business Writer

NEW YORK (AP) - Most energy futures prices tumbled Tuesday, with Iraq's imminent return to world oil markets coming just as U.S. inventory data was expected to show supply tightness for heating oil and unleaded gasoline appears to be easing.

On other markets, wheat and coffee futures rose sharply.

American oil refineries are producing distillate and unleaded gasoline at near-peak efficiency, while warm weather over much of the eastern half of the country appears to have curtailed demand.

Now Iraq as early as Saturday could begin selling about 580,000 barrels a day of crude oil to world markets over a six-month period to buy food and medicine. On Tuesday, it began testing a key pipeline to be used for shipping the oil.

"The reality of this Iraqi oil sale is finally setting in," said Gerald E. Samuels, director of trading at ARB Oil Inc. "While supplies are tight right now, people are starting to look at the larger picture that they won't stay that way."

American Petroleum Institute weekly inventory data was widely expected to show sharp builds in supplies of crude products over the past week.

Those perceptions were reinforced by comments from Charles DiBona, president of the industry-sponsored institute. DiBona, in comments to reporters at the API's Washington headquarters, said that barring unforeseen circumstances, U.S. heating oil supplies will be sufficient to meet demand this winter.

Heating oil and other distillate supplies as of last week were 12.1 percent below levels of a year ago. But the industry is producing 300,000 to 400,000 more barrels a day of distillates than at this time last year and can boost production even further if needed, DiBona said.

Distillate stocks rose a sharp 2.107 million barrels to 122.17 million barrels, the API later reported. That exceeded expectations, as did gasoline's rise to 194.607 million barrels, up 5.97 million barrels.

Crude supplies also rose against expectations to 300.6 million barrels, as refineries produced at 94.2 percent of capacity.

Crude for January delivery on the New York Mercantile Exchange fell 88 cents to dlr 24.42 a barrel; January heating oil fell 2.51 cents to 69.62 cents a gallon; January unleaded gas fell 2.02 cents to 66.86 cents a gallon.

January natural gas futures rose 17.4 cents to dlr 3.396 for each 1,000 cubic feet ahead of colder weather that was expected to boost demand in key heating regions this weekend.

Wheat futures prices rose sharply on the Chicago Board of Trade amid hopes for new export business from Russia.

Russia's agriculture minister, Viktor Khlystun, said his country planned to purchase 4.5 million to 5 million metric tons of milling-quality wheat from the United States or Canada in the coming months.

While Russia sometimes does not follow through on such statements, investors took that country's purchase overnight over 10,000 tons as a sign it means business, said analyst Don Roose at U.S. Commodities Inc. in West Des Moines, Iowa.

"This is the first time we've seen them come in the market for quite a while, and they have the potential to be a major player," Roose said.

Also supporting the market was influential private forecasting firm Sparks Cos., which revised its U.S. winter wheat acreage estimate downward. The Memphis, Tenn.-based firm said farmers planted only 51 million acres, down from its previous estimate of 51.8 million acres.

March wheat rose 5 cents to dlr 3.7925 a bushel.

Coffee futures prices surged on New York's Coffee, Sugar & Cocoa Exchange as continued strong roaster buyers raised concern about the availability of quality coffee stocks.

Exchange stocks rose by 2,000 132-pound (59-kilogram) bags to 2,321 bags on Monday after holding steady for two consecutive weeks, but there was concern about delays in classifying 11,750 bags sitting in other warehouses, analysts said.

The active March contract rose 2.60 cents to dlr 1.082 a pound; while the December contract representing cash markets soared 4.65 cents to dlr 1.17 a pound.

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U.N. chief gives Iraq the green light to resume oil exports

Eds: SUBS third graf to reflect plan is now in effect

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Iraq was free Tuesday to resume oil exports for the first time since the 1990 invasion of Kuwait, but the United States served notice that it would watch carefully to make sure President Saddam Hussein did not cheat.

On Monday, Secretary-General Boutros Boutros-Ghali gave the go-ahead to allow Iraq to sell dlrs 2 billion worth of oil for six months to buy food and medicine for its people suffering from more than six years of crippling international sanctions.

The oil for food plan took effect automatically at 12:01 a.m. Tuesday New York time (0501 GMT).

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U.N. Poised To Give Iraq the Green-Light To Resume Oil Exports

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Barring last minute snags, the United Nations is expected to give Iraq the go-ahead this week to resume oil sales for the first time in more than six years to buy food and medicine for its people.

Iraq has been barred from selling oil under international sanctions imposed on Baghdad after President Saddam Hussein invaded Kuwait in August 1990, triggering the Gulf War.

U.N. officials said Secretary-General Boutros Boutros-Ghali was expected to issue a report Monday to the Security Council saying the long-delayed "oil for food" plan was ready to begin.

If the report is submitted as expected, the plan would take effect at one minute after midnight Tuesday New York time (0501 GMT Wednesday). U.N. officials say it would take another day or two for U.N. experts to approve contracts before the oil could begin flowing.

Iraq would be permitted to sell dlrs 2 billion worth of oil every six months to buy food and medicine for its people suffering the effects of the sanctions.

U.N. agencies estimate that about 180,000 Iraqi children under the age of five suffer from malnutrition as a result of the sanctions. The Security Council refuses to lift the sanctions entirely until it is convinced Baghdad has complied with orders to scrap its banned weapons programs.

About two-thirds of the revenue will go to buying food and medicine. The rest will compensate Gulf War victims and help defray the costs of the U.N. program to monitor Iraqi weapons.

In India, Russian Power Minister P.I. Rodionov said seven Russian oil companies were negotiating to buy Iraqi oil once the plan takes effect.

After rejecting the offer for years, Iraq accepted the U.N. plan May 20. But implementation was delayed because of technical issues, differences between Iraq and the United Nations on details of international supervision and the Iraqi incursion into protected Kurdish areas in the north last August.

In September, before the U.S. presidential election, President Clinton said the plan was on hold because of Saddam's military intervention in support of one Kurdish faction against Iranian-backed rivals.

But U.S. officials say they will not block implementation. U.S. sources, speaking on condition of anonymity, say the plan has two advantages for the United States:

- It enables Washington to go along with a program widely supported by Europeans, Arabs and Asians, and;
- It will reduce international pressure to lift the overall sanctions, which allow the United Nations to keep tabs on Iraq's military.

Last Friday, inspectors from the Dutch firm Saybolt reported that Iraq's pipeline to Turkey was operational. That was the last technical hurdle standing in the way of final approval.

Before the invasion of Kuwait, Iraq exported more than 3 million barrels per day. At current world prices, Baghdad would be allowed to export about 580,000 barrels a day.

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^Turkey tests Iraqi-Turkish oil pipeline<

ANKARA, Turkey (AP) _ Under the supervision of U.N. monitors, Turkey flushed out 200,000 barrels of oil through an Iraqi-Turkish pipeline in preparation for an immediate Iraqi oil sale, a pipeline company official said Monday.

''All systems are ready to function any moment,'' Fatih Sen, an official of Turkey's state-run Botas pipeline company was quoted as saying by Anatolia, the Turkish news agency.

Sen said Friday's test took some 13 hours.

Iraq is expected to resume oil exports of in the coming days after U.N. Secretary-General Boutros Boutros Ghali gives a final go-ahead.

The U.N.-approved deal allows Baghdad to export dlr 2 billion of oil for an initial period of 180 days to buy food and medicine for its people.

The pipeline linking the Iraqi oil fields to the Turkish Mediterranean coast was shut down six years ago when Iraq was placed under U.N. sanctions after its invasion of Kuwait.

Turkey complains that it has lost dlr 30 billion from the pipeline's shutdown.

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[Iran]
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Turkey and Iraq to Mark Reopening of Oil Pipeline .

ANKARA, Turkey (AP) - Iraqi ministers will come to Turkey to mark the reopening of a Turkish-Iraqi oil pipeline, energy ministry officials said Sunday.

The ceremony will be held in Turkey's Mediterranean port of Ceyhan on Dec. 14 or 16 to mark the start of the loading of crude oil onto tankers, a ministry statement said, without noting which ministers would come.

Oil is expected to begin flowing through the Kirkuk-to-Yumurtalik pipeline in the coming days, as soon as the U.N. Secretary General Boutros Boutros Ghali gives the go-ahead for the implementation of the oil-for-food deal.

The deal allows Baghdad to export dlr 2 billion of oil for an initial period of 180 days to buy food and medicine for its people.

The pipeline linking the Iraqi oil fields to the Turkish Mediterranean coast, was shut down six years ago when Iraq was placed under U.N. sanctions after its invasion of Kuwait.

U.N. monitors have arrived in Baghdad to supervise Iraq's limited return to the world oil market.

Four more experts, who are currently in the area, will be stationed in Turkey to monitor the arrival of the oil.

The oil-for-food agreement is an exemption from the U.N. sanctions. The United Nations wants Iraq to fully comply with its arms monitoring terms before completely lifting the sanctions.

Turkey estimates that it has lost dlr 30 billion from the pipeline's shut-down. Its state-owned pipeline company BOTAS will earn an estimated dlr 55 million in fees from the limited oil sale.

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^Iraq to Ask to Increase Export Limits<

Eds: RECASTS throughout with Iraqi ambassador saying Baghdad wants to increase export limit<

ANKARA, Turkey (AP) _ Iraq will seek to increase its oil exports at the end of the first three months of the U.N. oil-for-food deal, Iraq's ambassador said Sunday.

In an interview with the Turkish news agency Anatolia, Ambassador Rafi El-Tikriti said Baghdad would ask the United Nations to allow Iraq to increase its daily export quota to 1.3 million barrels from the current 650,000 barrels.

The pipeline linking the Iraqi oil fields to the Turkish Mediterranean coast, was shut down six years ago when Iraq was placed under U.N. sanctions after its invasion of Kuwait.

Iraq is expected to resume oil exports in the coming days, as soon as U.N. Secretary-General Boutros Boutros Ghali gives the go-ahead.

The deal allows Baghdad to export dhrs 2 billion of oil for an initial period of 180 days to buy food and medicine for its people.

The oil-for-food agreement is an exemption from the U.N. sanctions. The United Nations wants Iraq to fully comply with its arms monitoring terms before completely lifting the sanctions.

El-Tikriti said Iraq initially planned to purchase medicines, beans, margarine, cooking oil, sugar, tea, cleaning material and stationery with the revenue obtained from the oil sale.

He also urged Turkey to follow Jordan's example and apply to the United Nations to be exempted from sanctions in compensation for losses incurred from the shut-down of the pipeline.

"If Turkey gets the same concessions as Jordan, we'll purchase all our food requirements from Turkey," the ambassador stated.

Turkey estimates that it has lost dhrs 30 billion from the pipeline's shut-down. Its state-owned pipeline company BOTAS will earn an estimated dhrs 55 million in fees from the limited oil sale.

Iraqi ministers will come to Turkey to mark the reopening of a Turkish-Iraqi oil pipeline, energy ministry officials said.

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^Iraq begins pumping oil for export<

^Eds: AMs. LEADS with 15 graf s to UPDATE with previous ration figures, Iraqis praising new rations but fear they will not last long. Pickup 12th graf pvs, 'U.N. monitors ...'<

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Iraq's first oil exports in six years reached their buyer in Turkey Wednesday, and the government announced rations of flour, sugar and other supplies would increase with the limited easing of the U.N. trade embargo.

However, a U.N. weapons inspector in Baghdad was rebuffed in efforts to get missile parts released for inspection, part of the requirement for lifting the sanctions altogether.

The oil, moving from Iraq to neighboring Turkey through a pipeline, is the first export under a U.N.-monitored program permitting limited sales to fund food and medicine purchases, the weapon monitoring and compensation for Gulf War victims.

Ahmet Bulca, a technical director with Turkey's state-owned pipeline company, Botas, said Iraqi oil reached Turkey at 3:15 p.m. (1315 GMT). Iraq is pumping oil through the pipeline at a rate of 350,000 barrels per day and will increase the flow to 440,000 barrels per day next week, Bulca said.

Demet Sentaschi, a chemical engineer who conducted the quality test for the oil, said it was of 'very high quality.'

The United Nations on Tuesday approved the first oil contract, the sale of 75,000 barrels a day to Turkey's state-owned oil company. Iraq is negotiating with companies from the United States, Russia, Austria, the Philippines and Bulgaria, said Saddam Zibin, general director of Iraq's oil marketing agency.

Before the United Nations imposed international trade sanctions banning Iraqi oil exports as punishment for its 1990 invasion of Kuwait, Iraq was pumping 3.2 million barrels a day.

The 'oil-for-food' deal allows Iraq to sell dlrs 2 billion in oil for an initial 180 days. The intent is to ease the suffering of Iraqis whose access to affordable commodities had become increasingly limited, to the point where international aid agencies have reported significant malnutrition and disease.

Trade Minister Mohammed Mehdi Saleh said agreements had been reached to import more food, and rations would be increased as soon as the supplies arrived, the Iraqi news agency reported.

The new monthly rations increase flour from 7 kilograms (15.4 pounds) to 9 kilograms (19.8 pounds), rice from 1.5 kilograms (3.3 pounds) to 2.5 kilograms (5.5 pounds) and cooking oil from .5 kilogram (1.1 pound) to 1 kilogram (2.2 pounds).

Iraqis will receive 150 grams (5.25 ounces) of tea a month, 50 more grams (1.75 ounces) than before, the agency said.

'These new figures do not represent what Iraqis have been dreaming of ... but it is better than before,' said Abdul-Satar al-Khateeb, an official who distributes rations.

Soad Adnan, a mother of two who was picking up her monthly share called the new rations 'a good change but not good enough' since they still will only last 20 days of the month.

'We still have to work more to make money to cover the rest of the month,' she said.

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^Foreign Minister says U.N. sends approval<

Eds: RECASTS with Ciller's announcement that U.N. approval arrived.

ADDS Turks to hold a ceremony on Monday, INSERTS statement from official saying part of oil to be shipped Saturday to a Turkish refinery on the Aegean coast, ADDS byline<

^By SELCAN HACAOGU=

^Associated Press Writer=

YUMURTALIK, Turkey (AP) _ The United Nations has notified its approval of oil contracts for the resumption of limited oil sales by Iraq, Foreign Minister Tansu Ciller announced Wednesday.

"The U.N.'s approval arrived just a while ago. I attach great importance to it (opening of pipeline)," Mrs Ciller told reporters in Brussels where she attended a NATO meeting, the semi-official Anatolia news agency reported.

Ahmet Bulca, technical director with the state-owned pipeline company Botas, told The Associated Press, that the oil flow was expected to start "very shortly."

Iraqi President Saddam Hussein on Tuesday turned the valve on the Kirkuk-to-Yumurtalik pipeline to mark Iraq's partial return to the oil market after a six-year absence, but U.N. officials promptly shut the pipeline down again to wait for formal confirmation from the United Nations that oil contracts were approved.

Turkish officials waited on the other side of the pipeline without any explanation as to why the pumping stopped, and believed a technical fault on the pipeline halted the oil flow.

Bulca said some 4,000 metric tons of oil was flushed out Tuesday before the pumping came to a halt.

The pipeline was shut-down as part of U.N. sanctions against Iraq following its invasion of Kuwait in 1990.

Turkey lost royalties as well as a lucrative export and construction market in Iraq. Turkey says the embargo has cost it \$30 billion.

One of the contracts approved allowed the Turkish state-run company Tupras to buy 3.6 million tons per year (25 million barrels) of Iraqi crude.

Bulca said the amount of oil that Tupras will buy was equivalent to the storage capacity at Turkey's oil refineries at Kirikkale, some 100 kilometers (60 miles) east of the capital Ankara.

Part of Tupras' oil would be pumped directly into the 448-kilometer (270-mile) Yumurtalik-to-Kirikkale pipeline. The rest would be loaded onto the Turkish oil tanker Gole and shipped to a refinery at the port of Aliaga on Turkey's Aegean coast.

The Gole was expected to arrive at Yumurtalik on Friday. The loading process would start on Saturday, Bulca said.

Mrs. Ciller said she would attend a ceremony here Monday with Prime Minister Necmettin Erbakan to mark the opening.

Under the agreement, Iraq is allowed to sell \$2 billion of oil for an initial period of 180-days to buy food, medicine and other humanitarian goods for its people.

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^Iraq begins pumping oil for export<

^Eds: UPDATES with Turkey saying oil is of good quality, oil to be loaded this weekend.<

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ With the first sales contract approved, Iraqi oil exports began to flow Wednesday, a move that Baghdad hailed as a signal that relief is coming after six years of crushing sanctions.

Ahmet Bulca, a technical director with Turkey's state-owned pipeline company, Botas, said Iraqi oil reached Turkey at 1515 (1315 GMT).

Iraq is pumping oil through the pipeline at a rate of 350,000 barrels per day and will increase the flow to 440,000 barrels per day next week, Bulca said.

"Today, the fighting Iraqi people have started to gain the result of their patience with relief in their long struggle, especially children, women, old people and patients," said Saad Kassem Hammoudy, secretary-general of the Arab Popular Forces Conference, a pro-government organization.

The "oil-for-food" deal allows Iraq to sell dlrs 2 billion in oil for an initial 180 days. The revenue will go for imported commodities, U.N. weapons monitoring and compensation for Gulf War victims.

The agreement is an exemption from the trade sanctions that were imposed in 1990 after Iraq invaded Kuwait. The embargo does not bar Iraq from importing goods such as food and medicine, but Iraqi leaders have said the ban on oil sales has left the country without the money to buy such necessities.

Some 28,000 barrels of oil gushed through the Iraqi-Turkish pipeline on Tuesday, the first day of a U.N. deal allowing limited exports to pay for food and medicine. But the oil flow was stopped, apparently because Iraq started the deliveries before contracts with buyers were approved formally.

The United Nations on Tuesday approved the first oil contract, the sale of 75,000 barrels a day to Turkey's state-owned oil company. Two other oil contracts were submitted to the United Nations on Tuesday.

Part of the oil sold to Turkey would be pumped into a pipeline that runs to central Turkey. The rest will be loaded onto a Turkish oil tanker this weekend.

Demet Sentasci, a chemical engineer who conducted the quality test for the oil which arrived Wednesday, said the oil was of "very high quality."

Iraq is negotiating oil contracts with companies from the United States, Russia, Austria, the Philippines and Bulgaria, said Saddam Zibin, general director of Iraq's state-organization for marketing oil.

The whole embargo cannot be lifted until Iraq fully cooperates with U.N. weapons inspectors working to dismantle Iraqi chemical and biological warfare and long-range missile programs.

The chief U.N. arms monitor, Rolf Ekeus, was in Baghdad Wednesday but failed to persuade Iraq to release missile engines and parts for inspection.

Ekeus has accused Iraq repeatedly of hiding material from U.N. monitors.

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^Iraq begins pumping oil for export<

^Eds: UPDATES with oil flowing<

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) -- With the first sales contract approved, Iraqi oil exports began to flow Wednesday, a move that Baghdad hailed as a signal that relief is coming after six years of crushing sanctions.

Ahmet Bulca, a technical director with Turkey's state-owned pipeline company Botas, said Iraq started pumping at 1350 (1150 GMT) and oil would reach the Turkish end of the pipeline an hour later.

"Today, the fighting Iraqi people have started to gain the result of their patience with relief in their long struggle, especially children, women, old people and patients," said Saad Kassem Hammoudy, secretary general of the Arab Popular Forces Conference, a pro-government organization.

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Iraq is negotiating oil contracts with companies from the United States, Russia, Austria, the Philippines and Bulgaria, Zibin said.

"It is a window of opportunity, the light at the end of the tunnel despite the small volume of exports allowed," said Walid Khadduri, executive editor of the Nicosia-based Middle East Economic Survey. "It gives some hope for normalization after six years."

But the whole embargo cannot be lifted until Iraq fully cooperates with U.N. weapons inspectors working to dismantle Iraqi chemical and biological warfare and long-range missile programs.

The chief U.N. arms monitor, Rolf Ekeus, was in Baghdad Wednesday to press Iraq to allow inspectors to remove the debris from a group of rocket engines for inspection outside the country.

Ekeus, who has accused Iraq repeatedly of playing a hide-and-seek game with his monitors, has said he suspects that Iraq swapped virtually useless engines for high-quality Russian-made motors before destroying banned missiles.

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^Iraq begins pumping oil for export<

^Eds: AMs. LEADS with 9 grafts to UPDATE with food rations increasing, results of weapons inspector's mission, other details. No pickup.<

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) -- Iraq's first oil exports in six years reached their buyer in Turkey Wednesday, and the government announced rations of flour, sugar and other supplies would increase with the limited easing of the U.N. trade embargo.

However, a U.N. weapons inspector in Baghdad was rebuffed in efforts to get missile parts released for inspection, part of the requirement for lifting the sanctions altogether.

The oil, moving from Iraq to neighboring Turkey through a pipeline, is the first export under a U.N.-monitored program permitting limited sales to fund food and medicine purchases, the weapon monitoring and compensation for Gulf War victims.

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Before the United Nations imposed international trade sanctions banning Iraqi oil exports as punishment for its 1990 invasion of Kuwait, Iraq was pumping 3.2 million barrels a day.

The "oil-for-food" deal allows Iraq to sell dlr\$ 2 billion in oil for an initial 180 days. The intent is to ease the suffering of Iraqis whose access to affordable commodities had become increasingly limited, to the point where international aid agencies have reported significant malnutrition and disease.

Trade Minister Mohammed Mehdi Saleh said agreements had been reached to import more food, and rations would be increased as soon as the supplies arrived, the Iraqi news agency reported. The new monthly rations include 9 kilograms (20 pounds) of flour and 2.5 kilograms (5.5 pounds) of rice, the agency said. The previous rations were not given.

U.N. monitors are in place to oversee the oil exports and to ensure that the imports are fairly distributed.

The sanctions never barred the purchase of humanitarian commodities but the Iraqi government said it couldn't afford them without oil revenue -- and its Western critics said it wouldn't divert funds from other purposes, such as rebuilding the armed forces, to pay for them.

The U.N. Security Council has made clear that sanctions will not be lifted completely until Iraq cooperates fully with weapons inspectors working to dismantle its programs for chemical and biological weapons and long-range missiles.

With the limited oil sales easing the hardship of the Iraqi people and taking some pressure off both the Iraq leadership and the international community, there is the possibility of an impasse, with Iraq denying cooperation to the weapons inspectors and the West refusing to lift the sanctions.

The chief U.N. arms monitor, Rolf Ekeus, was in Baghdad Wednesday but failed to persuade Iraq to release missile engines and parts for inspection.

"We agreed to disagree so we decided to freeze the important issue of missiles till the next visit" in February, Ekeus said. He met six times with Tariq Aziz, Iraq's deputy prime minister, after arriving Sunday.

Iraq claims it destroyed 85 missiles unilaterally in 1991 and buried the remains, which were unearthed last month. Ekeus wants to take the material abroad for analysis to determine whether the parts actually come from the long-range missiles. Iraq has resisted releasing the missile parts, saying it fears the results will be forged.

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^Turkey-Politics<

^President Demirel acts to shed light on alleged state-mafia ties<

^By ZEYNEP ALEMDAR=

^Associated Press Writer=

ANKARA, Turkey (AP) — A traffic accident which revealed alleged state and mafia ties forced President Suleyman Demirel to put his hand on a scandal growing in a snow ball effect.

Demirel was scheduled to meet with main opposition leader Mesut Yilmaz on Tuesday who played an important part in revealing secret ties between policemen and underground leaders.

Demirel will also summon other opposition leaders this week and meet with Islamic Prime Minister Necmettin Erbakan on Thursday.

The beginning of the scandal goes back to last month's accident.

A Parliament deputy was the only survivor of the crash which killed a fugitive terrorist and a police official sharing the same vehicle. The terrorist who died in the crash, Abdullah Catli, reputedly had links to the Turk who shot Pope John Paul II in 1981 and was a criminal wanted internationally.

Catli escaped from a Swiss prison in 1990 where he was serving time for drug smuggling.

The ties between the three men appeared suspicious. Sedat Bucak, the deputy who survived the crash and also a powerful village guard chief in the troubled Kurdish dominated region, could not provide any reasonable explanations. But he said the arms, including silencers found in the wrecked car's trunk belonged to him.

Interior Minister Mehmet Agar was forced to resign days after the accident under pressure from opposition parties. Agar had close ties to the police chief who died in the crash.

The scandal grew further when Yilmaz claimed Catli organized the killing of a casino operator, Omer Lutfi Topal, with three policemen in July to help Bucak seize Topal's assets. Three policemen, briefly arrested after the murder, were later assigned as Bucak's body guards.

Main opposition leader Mesut Yilmaz claimed he had tapes of phone conversations between the three officers where they talk about their murder of Topal.

A rightwing Turkish assailant punched Yilmaz in the face at a hotel lobby in the Hungarian capital and then fled "to punish Yilmaz for betraying Catli," last month.

Bucak runs an army of 2,000 in southeastern Turkey to fight Kurdish rebels. He reportedly received more than \$1 million a month from the government to maintain the force.

Bucak's men, called "village guards," allegedly worked in death squads in southeastern Turkey that murdered hundreds of supporters of the Kurdish rebel movement, and smuggling drugs and weapons, newspapers reported.

Interior Minister Meral Aksener has acknowledged that some village guards have been involved in criminal activity. The government-initiated force has come under attack as an out-of-control operation.

The government's handling of the scandal also led to further suspicions that Foreign Minister Tansu Ciller who ruled the country for more than three years knew about the alleged ties between the state and underworld leaders.

Ciller said in a recent speech in reference to Catli that he deserved being honored for shooting for Turkey. She also accused Yilmaz for supporting the Kurdish rebel groups and Armenian terrorists by getting tough on Catli.

Her statement was interpreted that Catli also worked for the government to stage attacks against Kurdish rebels and Armenian terrorists.

On Monday, Mrs. Ciller changed her rhetoric and told reporters after being summoned by Demirel that state's mission was to fight against gangs. "State does not form gangs," she said.

Mrs. Ciller called on Yilmaz to turnover whatever documents he held.

"The accident unveiled the dark liaisons within the state. These facts now have to be further dug out," Bulent Ecevit, an opposition leader, said in Parliament Monday.

The government took its first action last week in connection with the unfolding scandal. But the move also caused a public uproar after Aksener removed Istanbul's well-respected police Chief Kemal Yazicioglu. Also yanked were the three policemen allegedly involved in Topal's murder.

Press reports claimed Yazicioglu was actually the person who had leaked the connection of the three officers with the murder and was being punished for it.

The scandal led to movements calling for a "clean society campaign" from different circles. The truck driver who crashed with the car received a "most respected citizen honor" from a small leftist party. He was cheered and applauded by people who rushed to be present at his trial last week.

University presidents asked for immediate prosecution of those involved in the scandal "no matter what their identities were," in a statement published in the newspapers Tuesday.

(za)

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^BC-Turkey-Sanctions<

^Turkey to reapply for relief from sanctions on Iraq<

ANKARA, Turkey (AP) _ With a long-awaited oil-for-food deal now in effect, Turkey will reapply for exemptions from a trade embargo against Iraq to compensate for six years of losses, Energy Minister Recai Kutan said Sunday.

Turkey asked the United Nations for relief from sanctions back in July, to make up for the economic hardships it has suffered from the loss of trade and the shutdown of a lucrative oil pipeline.

But a U.N. committee delayed its decision until after the oil-for-food deal began to be able to assess the impact the deal would have on the Turkish economy.

"We have reached a decision in principle to take new steps to seek compensation," Kutan told reporters. He would not elaborate further.

He said Turkey had lost more than dlr 1.5 billion since 1990 from the loss of royalties obtained from the pipeline, and having to import oil by tankers from countries further away had cost it an estimated dlr 2.1 billion more.

Trade officials estimate that an additional dlr 25 billion have been lost from the end of trade with Iraq, the minister said.

The oil-for-food deal, which came into effect last week, allows Iraq to sell dlr 2 billion worth of oil to buy humanitarian goods for its people. The deal is for an initial period of 180 days and is not an end of sanctions imposed on Iraq since its 1990 invasion of Kuwait.

Turkey argues that the income allowed under the oil-for-food plan -- an estimated dlr 60 million-65 million - is just a small fraction of Turkey's economic losses.

It wants U.N. approval to import some 200,000 barrels a day of Iraqi crude for domestic use.

Oil started to flow through the pipeline for the first time in over six years last week. Turkish government officials are to mark the limited resumption of trade with Iraq with a ceremony on Monday at the Mediterranean port of Ceyhan. There the first oil purchased from Iraq is to be loaded onto a tanker.

(sf)

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^Iraq promises more rations but many seem to doubt reprieve<

^Eds: INSERTS quote after 2nd graf bgng 'But residents', ADDS 2 grafs at end to UPDATE with tanker to arrive Friday, oil going to Turkish refinery, EDITING thruout.<

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ The Iraqi government says rations of flour, sugar and tea _ all in short supply under a U.N. trade embargo _ will increase with the arrival of goods purchased with Iraq's first oil exports in six years.

But residents in the Iraqi capital seemed skeptical that their plight would end soon, and the already beleaguered Iraqi currency again lost value Thursday against the dollar.

"These new figures do not represent what Iraqis have been dreaming of," said Abdul-Satar al-Khateeb, an official who distributes rations. But he added: "It is better than before."

The first Iraqi oil exports reached their buyer in Turkey through a pipeline Wednesday, the first export under a U.N.-monitored program permitting limited sales to fund food and medicine purchases, weapons monitoring and compensation for Gulf War victims.

The United Nations approved the first oil contract a day earlier the sale of 75,000 barrels a day to Turkey's state-owned oil company. Iraq is negotiating with companies from the United States, Russia, Austria, the Philippines and Bulgaria, said Saddam Zibin, general director of Iraq's oil marketing agency.

U.N. officials in New York said four contracts have been rejected, but did not say why.

Iraq was pumping 3.2 million barrels a day before the U.N. imposed sanctions on Iraq, including a ban on oil exports, to punish it for its 1990 invasion of Kuwait.

The oil-for-food deal allows Iraq to sell dlrs 2 billion in oil for an initial 180 days. The intent is to ease the suffering of Iraqis who found themselves unable to afford even basic goods, causing malnutrition and disease in the once wealthy country.

On Wednesday, Trade Minister Mohammed Mehdi Saleh said monthly rations would increase as soon as the supplies arrived.

The new rations increase flour from 7 kilograms (15.5 pounds) to 9 kilograms (20 pounds), and rice from 1.5 kilograms (3.3 pounds) to 2.5 kilograms (5.5 pounds), the Iraqi news agency said.

Iraqis will receive 150 grams (5.25 ounces) of tea a month, 50 more grams (1.75 ounces) than before, the agency said.

Soad Adnan, a 30-year-old mother of two who was picking up her monthly share, called the new rations "a good change but not good enough," since they still will only last 20 days of the month.

"We still have to work more to make money to cover the rest of the month," she said glumly.

Adnan's pessimism was apparently shared by others who fear the limited oil sales will only bring scant relief.

The Iraqi dinar, which serves as a barometer of popular feelings, fell to 1,100 to the dollar on the black market Thursday, down from 850 just two days earlier.

The sanctions never stopped Iraq from buying food or medicine, but the government said it could not afford them.

Its critics, particularly in Washington, charged that the government had refused to divert money from palaces for Saddam Hussein or rebuilding Iraq's armed forces.

The United Nations insists that the entire embargo will not be lifted until Iraq fully cooperates with inspectors working to dismantle its programs for chemical and biological weapons and missiles, part of demands that followed the 1991 Gulf War.

In Yumurtalik, Turkey, where the oil pipeline ends, there was celebration over the oil-for-food deal.

The embargo has left thousands in the town jobless and deprived exporters of a major market there. But in preparation for the much-anticipated arrival of oil, firefighters washed their vehicles and workers freshened the pipeline's gray paint.

Residents said they looked forward to revenue from charging Iraq to use Turkish ports and the Turkish part of the pipeline.

A Turkish tanker will begin loading 153,000 metric tons (1.1 million barrels) of oil Friday from Yumurtalik, said Ahmet Bulca, a technical director with the state-owned pipeline company Botas.

The oil will be taken by Sunday to a refinery at the port of Aliaga on Turkey's Aegean coast, officials said.

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^Iraq promises more rations but many seem to doubt reprieve<

^Eds: UPDATES with 2 grafs at end with tanker to arrive Friday, oil going to Turkish refinery. No pickup.<

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BC-Turkey-Iraq Oil-Box<
Facts on Iraqi-Turkish Oil Pipeline<
^With BC-.....<
^By The Associated Press=

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STRUCTURE: There are two pipelines which runs parallel to each other. Each one is 986 kilometers (616 miles) long. Some 641 kilometers (400 miles) of them crosses from Turkish soil while 345 kilometers (215 miles) lies in Iraqi side.

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HISTORY: The first one was built in 1975 but activated in 1977. The second one was constructed in 1985 and activated two years later.

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LOCATION: It runs from Iraqi Kirkuk oilfields to Turkish oil port of Yumurtalik on the Mediterranean.

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CAPACITY: Total capacity is 71 million metric tons per year.

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LOADING CAPACITY: From four loading platforms along a 1,900 meters (6270 feet) jetty at Yumurtalik port, 60,000 tons of oil can be loaded an hour. Tankers with a maximum capacity of 300,000 tons can dock at two of the platforms while the rest two platforms are suitable for tankers with a capacity of upto 150,000 tons.

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STORAGE CAPACITY: Yumurtalik oil terminal has a total storage capacity of 1,200,000 tons of oil.

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PUMPING STATIONS: Four pumping stations in Iraq, and six in Turkey along the pipeline help the oil move in the pipeline. One of the Iraqi pumping stations on the first pipeline was damaged during the Gulf War. Because of the damage the capacity of the first pipeline is currently 2,500 cubic meters an hour. The second pipeline has a full capacity of 5,000 cubic meters per hour.

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^BC-Turkey-Iraqi Oil<

^First tanker sets sail with Iraqi crude from Turkish port<

^AP Photos expected<

^By SELCAN HACAOGU=

^Associated Press Writer=

YUMURTALIK, Turkey (AP) _ Hundreds of people led by political leaders cheered at shore as a tanker loaded with Iraqi crude set sail from this Mediterranean oil terminal Monday.

It was the first shipment of Iraqi oil from here in more than six years, an event that Turkey celebrated it as the beginning of a relaxation of a U.N. imposed economic embargo against Baghdad.

Turkey lost royalties as well as a lucrative export and construction market in Iraq. The government says the embargo has cost Turkey dlr 30 billion.

"The embargo has punished the Iraqi people and led to the suffering of children. It has also unjustly hit Turkey which had nothing to do with the issue," Energy Minister Recai Kutan said during the ceremony Monday.

"Let's hope this embargo will be totally lifted," Kutan said.

Turkey asked the United Nations for relief from sanctions in July.

The U.N. approved plan, which went into effect last week, allows Iraq to sell dlr 2 billion worth of oil to buy humanitarian goods for its people. The agreement is for an initial period of 180 days and is not an end of sanctions imposed on Iraq for its 1990 invasion of Kuwait.

Although the Turkish government announced that Iraqi cabinet members would attend Monday's ceremony, only the Iraqi ambassador was present. No explanation was given for their absence.

"Let us hope that this is the first step towards the lifting of the embargo," said the Iraqi ambassador, Rafi el-Tikriti.

U.N. diplomats have said the full embargo will not be lifted until Iraq cooperates with U.N. monitors working to dismantle Baghdad's programs for chemical and biological weapons and long-range missiles.

The Turkish oil tanker Gole, carrying 153,000 metric tons (1.1 million barrels) of oil left the dock after Prime Minister Necmettin Erbakan and Foreign Minister Tansu Ciller gave the go-ahead on a walkie-talkie.

Hundreds of balloons were released as parachutes with Turkish flags attached to them landed on the Mediterranean.

The Gole will carry the oil to the Aliaga oil terminal on the Aegean Sea.

The United Nations last week approved the sale of 75,000 barrels a day of Iraqi oil to Turkey's state-owned oil company.

Iraq's first oil export began on Sunday when a 2,750-ton, Bahamas-registered tanker, Star Africa, loaded 2 million barrels of crude at Iraq's southern al Bakr terminal on the Gulf. Buyers included two U.S. companies.

The Yumurtalik oil terminal is the Mediterranean end of the pipeline which starts in the Kirkuk oil fields in Iraq.

Ciller told the ceremony that Turkey's goal was to bring in oil from Azerbaijan and Central Asia through another pipeline here.

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^With Turkey-Iraqi Oil<

^Bulgaria applies to purchase Iraqi oil<

SOFIA, Bulgaria (AP) _ Bulgaria has applied to purchase unspecified quantities of crude oil from Iraq after the United Nations relaxed an economic embargo against Baghdad, an official announced Monday.

Georgi Dimitrov, a foreign ministry official, said Bulgaria would offer to swap food and pharmaceuticals for oil, the state BTA news agency reported.

Bulgaria's biggest oil refinery, Neftochim, and chemical product dealer Chimimport were registered as potential buyers with the United Nations Sanctions Committee, Dimitrov said.

The U.N. approved plan, which went into effect last week, allows Iraq to sell dlrs 2 billion worth of oil to buy humanitarian goods for its people. The agreement is for an initial period of 180 days and is not an end of sanctions imposed on Iraq for its 1990 invasion of Kuwait.

Iraq owes some dlrs 2 billion to Bulgaria, a chief trade partner before the sanctions were imposed.

(vz/tw)

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^BC-Turkey-Iraqi Oil<

^NY INT suggest for coming cycle<

^Iraqi oil, flowing again, raises traffic and hopes<

^AP Photos available<

^By YALMAN ONARAN=

^Associated Press Writer=

HABUR, Turkey (AP) _ The line of trucks waiting to cross this border point into northern Iraq stretches for five kilometers (three miles), made up of more than 500 trucks.

The two small towns near this border crossing are buzzing with thousands of more trucks getting ready for the queue. Restaurants are packed with hungry truckers. Mechanics wear happy smiles thinking of money to be made in repairs.

Two weeks after Iraqi oil started flowing through a pipeline to the Turkish port of Yumurtalik for export under a U.N.-approved oil-for-food deal, truck traffic at the Turkish-Iraqi border has increased almost 25 percent.

Some 1,000 trucks are crossing the border each way, up from 800 last month, border officials said.

Iraq is allowed to sell dlrs 2 billion worth of oil during a six-month period and buy food and medicine with two-thirds of the revenue.

The revenues from the oil sales have not reached Iraq yet, and government contracts for food imports have not been made.

But the truck traffic increased after Iraqi vendors stepped up their orders from the Turkish side.

The trucks carry only 20-30 sacks of flour, sugar or potatoes, which they sell in exchange for cheap oil.

Gas prices were hiked after the oil started flowing, but its still a good deal for Turkish truckers -- one-tenth the price in Turkey.

Once the money from the oil sales reaches the escrow account controlled by the United Nations on behalf of Baghdad, more trucks carrying full-loads of food and medicine will start going through this border crossing.

Iraq has not said where it will buy the much-needed supplies, but Turkey is hoping for most of the orders.

Meanwhile, truckers have filled the streets of two small towns near here dependent on the border trade.

"My business has doubled in the last two weeks," said Veli Baykus, a young mechanic in Cizre as he came out from under an old truck he was repairing recently.

"I used to work on two trucks a day, now it is four or five," Baykus added.

Before the U.N. embargo against Iraq, the traffic around Habur was so dense that one could only see a string of trucks extending for miles going both directions on the road.

Turkey claims to have lost dlrs 25 billion from the loss of trade and the closure of an oil pipeline.

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Iraq Oil Minister/Turkey -2: Hopes For Econ Cooperation
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Aziz used the meeting to call for Turkey to block renewal of the agreement that allows the U.S. to use air bases in Turkey to launch Operation Provide Comfort relief efforts for Kurds in northern Iraq. The Turkish Parliament is scheduled to review the agreement before it expires at year end.

The report said Aziz stressed the importance of terminating the mandate of the anti-Iraqi coalition force headed by U.S. troops in Turkish bases and urged stopping any interference in Iraq's internal affairs under any pretexts.

Aziz also said Turkey has the right to resort to the U.N. Charter to compensate the losses it suffered due to the U.N. embargo imposed on Iraq after its 1990 invasion of Kuwait.

He expressed hope that Iraq and Turkey will expand bilateral trade and economic cooperation.

Turkey said it has sustained economic losses of \$30 billion due to the sanctions against Iraq and has requested an exemption from the sanctions under Article 50 of the U.N. Charter.

The U.N. Sanctions Committee, comprised of the Security Council, has put Turkey's request on hold, saying it would be revisited once Turkey began to receive revenues from the oil-for-food plan.

Turkey's officials repeatedly have said the amount of money it will receive through the oil sale doesn't meet its needs and have given indications they will continue to pursue exemption from the sanctions.

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Iraq Oil Minister To Visit Turkey; Aziz Lobbies On Bases
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NEW YORK (Dow Jones)--Iraq Oil Minister General Amer Mohammed Rasheed is scheduled to travel to Turkey for talks related to the Iraq-Turkey pipeline and other matters, diplomatic sources said.

Rasheed is scheduled to arrive Tuesday and hold talks through Thursday, the sources said.

Under the United Nations (U.N.) oil-for-food plan, Iraqi oil began flowing through the pipeline for the first time since August 1990, when U.N. sanctions were enforced after Iraq invaded Kuwait.

Rasheed's visit comes after Iraq's Deputy Prime Minister Tariq Aziz met Sunday with the leader of the Turkish Labor Party Dogu Brincik, according to the Iraq News Agency.

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Iraq agrees to turn over missile parts to U.N.

Eds: UPDATES with Ekeus comments in Bahrain in grafs 9-15

By WAIEL FALEH

Associated Press Writer

BAGHDAD, Iraq (AP) - Iraq has agreed to turn over parts of missiles to the United Nations, ending a dispute with U.N. inspectors charged with destroying its long-range missiles.

Word of the agreement came in a joint statement Sunday following meetings between Iraqi officials and Rolf Ekeus, the chief U.N. inspector, who is visiting Baghdad.

Ekeus has repeatedly accused Iraq of misleading his inspectors and has demanded that Baghdad allow the United Nations to test debris from destroyed missile engines in the United States.

Ekeus has said Iraq may have removed and hidden sophisticated Russian-built engines or engine parts and replaced them with virtually useless Iraqi-made pieces before destroying the missiles.

Sweeping U.N. sanctions were imposed on Iraq after Baghdad invaded Kuwait in 1990, starting the Gulf War. U.N. diplomats have said they will not consider lifting the sanctions until Iraq fully cooperates with U.N. arms monitors working to dismantle Iraq's chemical and biological weapons and long-range missiles.

Sunday's statement did not say when the parts would be removed or in what countries they would be tested. But it made clear that the material would be put under U.N. authority.

"The government of Iraq agreed to the removal of remnants of proscribed missile engines from Iraq for in-depth technical analysis by the (U.N.) commission," said the statement, which was signed by Ekeus and Tariq Aziz, Iraq's deputy prime minister.

Before their removal, some components would be tested in Iraq to "collect additional data," the statement said.

Ekeus later left Baghdad and at a news conference in Bahrain said the United States and France had offered to analyze the missile material.

He said the components are remnants of roughly 130 missile engines.

The parts had not been packed and it will take time for the components to be shipped out of Iraq, he said. "We started the process today."

He said Iraqi experts will take photographs and notes on the equipment as they are being packed.

The parts will be shipped to the United States where international experts will examine them. Experts from Iraq will not be present at the meeting, he said.

He said Russia may also offer to analyze the missile material, although it had not yet made a final decision.

Both sides agreed that the results would not be made public without first discussing them with the Iraqi government.

Iraq's chemical weapons capability will be taken up at another meeting in mid-March, the statement said.

U.N. officials have said they are still investigating Iraq's chemical production and want to verify that Iraq has indeed destroyed mustard gas and sarin as demanded by the United Nations.

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^Turkish company receives 537,000 metric tons of Iraqi oil<

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ANKARA, Turkey (AP) _ Turkey's state oil refining company
received 537,000 metric tons (3.7 million barrels) of Iraqi oil by
the end of January, the Anatolia news agency said Saturday.

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^Turkish company receives 537.5 tons of Iraqi oil<

ANKARA, Turkey (AP) _ Turkey's state oil refineries company received 537,000 metric tons (3.7 million barrels) of Iraqi oil by the end of January, under the first oil sale contract approved by the U.N., the Anatolia news agency said Saturday.

The United Nations approved the sale of 3.6 million metric tons (25 million barrels) of Iraqi crude per year to the Turkish company, Tupras.

Tupras has paid dlrs 89 million to a U.N.-controlled Iraqi account for the oil it received so far, the agency said.

Under the U.N.-approved deal, Iraq can export some dlrs 2 billion worth of oil to buy food and medicine.

The Iraqi oil restarted flowing through a pipeline into the Mediterranean Turkish port of Yumurtalik under the U.N.-approved oil-for-food deal.

The pipeline was shut down after the United Nations imposed sanctions on Iraq for its 1990 invasion of Kuwait.

The first Iraqi oil shipment to a Tupras refinery at the port of Aliaga on Turkey's Aegean coast was made by a tanker last December.

The rest of the oil is being pumped from Yumurtalik directly into a 448-kilometer (270-mile) pipeline that reaches to another Tupras refinery at Kirikkale city, some 100 kilometers (60 miles) east of the capital Ankara.

Also on Saturday, Anatolia said repair work at one of the twin pipelines, blown up by Kurdish rebels near southeastern Mardin city last month, was completed. The explosion caused dlrs 800,000 damage.

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^BC-Turkey-Iraq-Oil<

^Turkish energy minister to visit Baghdad for gas, oil talks<

ANKARA, Turkey (AP) _ Turkey's energy minister will visit Baghdad soon to discuss an Iraqi offer to invest in gas and oil fields, a newspaper said Tuesday.

"We will examine their offer," the daily Milliyet quoted Energy Minister Recai Kutan as saying.

But Kutan, recalling U.N. sanctions imposed on Iraq for its 1990 invasion of Kuwait, said any Turkish contribution should not be considered as an investment.

According to Kutan, Iraqi officials have repeatedly asked Turkey to invest in oil and gas fields between Kirkuk and Baghdad.

Ahmet Karademir, an energy ministry spokesman, confirmed that the minister was considering a visit Baghdad but that there was no scheduled trip.

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^BC-Turkey-Pipeline Sabotage<

^Turkey puts damage at dlr 800,000 in oil pipeline sabotage<

MARDIN, Turkey (AP) _ A fire after an explosion blamed on Kurdish rebels on the Iraq-Turkey oil pipeline near this southeastern town caused dlr 800,000 damage, the governor said Friday.

The fire in one of the twin pipelines did not disrupt the oil flow, although 30,000 barrels of oil spilled out, said Mardin Gov. Fikret Guven. The fire was put out late Thursday.

Over the news of the explosion, the Iraqi dinar fell to 1,250 to the U.S. dollar Friday morning from Thursday's 1,100.

The governor pledged increased security measures along the pipeline.

The pipeline carries Iraqi oil from Kirkuk to the Turkish coastal town of Yumurtalik under a recently approved U.N. deal which allowed Iraq to export some dlr 2 billion worth of oil to buy food and medicine.

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^BC-Turkey-Pipeline Sabotage, 1st Ld-Writethru<

^Explosion at Iraq-Turkey oil pipeline causes fire, no disruption<

^Eds: LEADS throughout to UPDATE with fire out, amount of oil lost.

No pickup<

MARDIN, Turkey (AP) _ An explosion blamed on Kurdish rebels caused a fire on the Iraq-Turkey oil pipeline near this southeastern town, but the oil flow was not disrupted, a local government official said Thursday.

The pipeline carries Iraqi oil from Kirkuk to the Turkish coastal town of Yumurtalik under a recently approved U.N. deal which allowed Iraq to export some \$2 billion worth of oil to buy food and medicine.

The explosion took place in a rural area Wednesday night, Mehmet Ersoy, deputy governor of Mardin province, told The Associated Press.

The fire, which was put out late Thursday, occurred in one of the twin pipelines that was full but not pumping oil. About 30,000 barrels of oil were lost, the Anatolia news agency reported.

Ersoy blamed the autonomy-seeking Kurdish rebels active in the region for planting the explosives. They were aided by a guard's absence, he said.

(yo/djw/bm)

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^BC-Turkey-Pipeline Sabotage<

^Explosion at Iraq-Turkey oil pipeline causes fire, no disruption<

MARDIN, Turkey (AP) _ An explosion blamed on Kurdish rebels caused a fire on the Iraq-Turkey oil pipeline near this southeastern town, but the oil flow was not disrupted, a local government official said Thursday.

The pipeline carries Iraqi oil from Kirkuk to the Turkish coastal town of Yumurtalik under a recently approved U.N. deal which allowed Iraq to export some \$2 billion worth of oil to buy food and medicine.

The explosion took place in a rural area Wednesday night, Mehmet Ersoy, deputy governor of Mardin province, told The Associated Press.

"The fire is under control and should be extinguished in a few hours," Ersoy said Thursday afternoon. He blamed the autonomy-seeking Kurdish rebels active in the region for planting the explosives. They were aided by a guard's absence, he said.

The oil flow continued through spare lines, Ersoy said.

(yo/djw)

AP-LD-01-23-97 1359GMT<

233 87 ank

^BC-Turkey-Iraqi Oil,0418<

^Iraqi oil, flowing again, raises traffic and hopes<

^AP Photo ANK101<

^By YALMAN ONARAN=

^Associated Press Writer=

HABUR, Turkey (AP) _ A line of about 500 trucks waiting to cross this border point into northern Iraq stretches for five kilometers (three miles).

At the two small towns near here, thousands more are already lining up. Restaurants are packed with hungry truckers. Mechanics smile thinking of the money to be made in repairs.

Two weeks after Iraqi oil started flowing through a pipeline to the Turkish port of Yumurtalik for export under a U.N.-approved oil-for-food deal, truck traffic at the Turkish-Iraqi border has increased almost 25 percent.

Some 1,000 trucks cross the border each way every day. Last month, only 800 trucks made the trip, border officials said.

"My business has doubled in the last two weeks," said Veli Baykus, a young mechanic in Cizre as he came out from under an old truck he was repairing recently.

"I used to work on two trucks a day, now it is four or five."

Iraq is allowed to sell dlrs 2 billion worth of oil during a six-month period and buy food and medicine with two-thirds of the revenues.

The revenues from the oil sales have not reached Iraq yet, and government contracts for food imports have not been made.

But the truck traffic increased after Iraqi vendors stepped up their orders from the Turkish side.

The trucks carry only 20-30 sacks of flour, sugar or potatoes.

They exchange it for cheap oil. Gas prices were hiked after the oil started flowing, but it's still a good deal for Turkish truckers _ it's about one-tenth the price as in Turkey.

Once the money from the oil sales reaches the escrow account controlled by the United Nations on behalf of Baghdad, more trucks carrying full loads of food and medicine will start going through this border crossing.

Iraq has not said where it will buy the much-needed supplies, but Turkey is hoping for most of the orders.

Meanwhile, truckers have filled the streets of two small towns near here dependent on the border trade. Turkey claims to have lost dlrs 25 billion from the loss of trade and the closure of an oil pipeline.

But now, the scene is similar as to what it was before the U.N. embargo against Iraq. Then, the traffic around Habur was so dense that one could only see a string of trucks extending for miles going both directions on the road.

AP-LD-12-24-96 1823GMT<

Report: January

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BC-UN-Oil-for-Food,0765<

Oil-for-food program bogged down in bureaucracy,
international politics<

^By ROBERT H. REID=

^Associated Press Writer=

UNITED NATIONS (AP) - Nearly three months after the United Nations allowed Iraq to resume selling oil to buy badly needed food and medicine for its people, the oil-for-food plan is bogged down in U.N. red tape and power politics.

Iraq started pumping oil through its pipeline to Turkey on Dec. 11, two days after the United Nations gave the go-ahead. But food purchased with oil revenues has still not reached the Iraqi people.

It won't for two or three more weeks.

The Iraqi government is complaining that the United States is intentionally blocking the supplies. Meantime, Iraq's international customers are complaining that Baghdad's oil is overpriced.

"I'm not really satisfied with the slowness of the operation," said Iraq's U.N. ambassador, Nizar Hamdoon. "The (U.N.) could simplify many of the procedures that are taking lots of time."

U.N. officials say the plan is on schedule and that delays were unavoidable because of the difficulties in organizing a program designed not only to deliver humanitarian goods but to make certain every Iraqi gets a fair share.

"We're very much on track," said Phyllis Lee of the U.N. Department of Humanitarian Affairs.

Iraq has been barred from unrestricted oil exports since 1990, when the Security Council imposed sweeping economic sanctions after Saddam Hussein invaded Kuwait. The council has refused to lift those sanctions until it is satisfied Iraq has scrapped its advanced weapons programs.

The sanctions devastated Iraq's oil-based economy. U.N. agencies estimate that about 180,000 Iraqi children under age 5 suffer from malnutrition.

To prevent a humanitarian disaster, the United Nations offered to let Iraq sell up to dlr 2 billion worth of oil for an initial six-month period to buy food and medicine.

Iraq accepted the deal in May after rejecting it for years. It took another seven months for Iraqi and U.N. officials to work out technical details so the plan could go into effect.

But the United States and Britain, both permanent Security Council members, remain deeply suspicious of Saddam. They insisted that the United Nations impose tight controls to make sure the supplies were distributed fairly.

To guard against Iraqi cheating, the United Nations closely monitors the money at every step. U.N. officials set the price for Iraqi oil and approve each contract.

Revenues then go into a special U.N. bank account, which is also used to compensate Gulf War victims and finance the U.N. weapons inspection program in Iraq.

Contracts to sell food and medicine must be approved unanimously by the 15-member Iraqi Sanctions Committee, consisting of representatives of the United States and the

14 other Security Council members.

Once a contract is approved, the committee instructs the United Nations to release the funds. But no contracts could be approved until after Jan. 16, when the oil revenues began arriving at the bank.

U.N. spokesman Juan-Carlos Brandt said that as of Tuesday, the committee has approved eight of the 21 contracts submitted. The others have been placed on hold, in part because of irregularities in the paperwork.

When a contract is placed on hold, money to pay for it is frozen. That means funds earmarked for one contract cannot be used to pay for another.

Once the food reaches Iraq, U.N. observers will monitor the distribution. The United States has held up approval of some contracts pending the arrival of U.N. observers, according to U.N. diplomats who spoke on condition of anonymity.

Last week, the sanctions committee met to review the oil-for-food program. Members said some procedures might be streamlined.

But U.S. and British diplomats have indicated they oppose any changes which might facilitate Iraqi cheating, such as diverting supplies to the military. Any changes in procedure would require approval of all 15 committee members.

Meanwhile, Iraq's European customers are complaining that Iraqi oil is overpriced. The price is set by U.N. overseers under a complicated formula pegged to specific grades of crude which vary regionally throughout the world.

Some European traders say they are considering asking the Iraqi state petroleum company to ask the United Nations for a lower price because of low demand.

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Oil-for-food
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[Almaty]

AP VVV76 Aa ----- Iraq-Turkey-Pipeline,0204

05-11 1:47a

Iraq and Turkey sign preliminary agreement to build gas pipeline
BAGHDAD, Iraq (AP) - Turkey and Iraq signed a preliminary agreement Saturday to build a 1,300 kilometer (800 miles) natural gas pipeline.

Construction cannot begin, however, without dlr\$ 2.5 billion in financing. That will be difficult because of sweeping U.N. trade sanctions against Iraq for its 1990 invasion of Kuwait.

U.N. diplomats have said they will not consider lifting the sanctions until Iraq fully cooperates with U.N. arms monitors.

"We have now agreed on the main principle to carry out the project, and we hope that within the coming few weeks we will put forward a financing plan for the project," said Iraqi Oil Minister Amer Mohammed Rashid.

Rashid signed the agreement with Turkish Energy Minister Recai Kutan after two days of negotiations.

The pipeline would carry natural gas to Turkey's Mediterranean port of Ceyhan.

Iraq is exporting dlr\$ 2 billion in oil under a six-month oil-for-food deal with the United Nations that is an exemption to the sanctions.

Turkey says it has lost nearly dlr\$ 27 billion in trade because of the sanctions.

102248 May GMT

UN official: conditions in Iraq deplorable; oil-for-food should be extended

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - Conditions in Iraq remain "deplorable," and the U.N. plan that enables the Iraqis to sell limited amounts of oil to buy food and medicine should be extended, a senior U.N. official said Friday.

Yasushi Akashi, head of the Department of Humanitarian Affairs, said the "oil-for-food" plan should be extended after it expires in June. The plan went into effect more than five months ago.

The final decision on whether to renew the plan remains with the 15-member Security Council. The United States, which has veto power in the council, says it has not decided whether to support an extension.

But Akashi told reporters that "we've got to roll over our extension beyond the initial 180 days" because of the critical situation facing ordinary Iraqis.

"I must say that conditions of life of people ... and in particular sick people, is deplorable," Akashi said. "Conditions made an indelible impression on me ... There's a clear lack of medicine, even essential elementary medicine. Old needles are still being used for injections."

On Thursday, U.S. Ambassador Bill Richardson told the council that the United States has concerns about the transparency of aid distribution efforts in the northern Kurdish-controlled area of Iraq as well as regions administered by President Saddam Hussein.

Richardson said Washington wants more precise information from the United Nations on how this system is working. Aid supplies purchased with oil revenues are distributed by the United Nations in the northern area of Iraq controlled by Iraqi Kurds.

In the rest of Iraq, 151 U.N. officials monitor distribution by the Baghdad government.

Akashi said he met two days ago with deputy U.S. Ambassador Edward Gnehm to discuss U.S. concerns about the program. "I think they understand better the changes (which the United Nations is making in the program) and the way we are solving (problems) step-by-step."

A Western diplomat, speaking on condition of anonymity, said the program will probably be extended with modifications. The diplomat said several major countries want the United Nations to be more "discerning" toward information provided by the Iraqis about the program.

The diplomat also said it has been taking too long for the supplies to reach ordinary Iraqis. Akashi said that despite "a few minor incidents," he believed the Iraqi government was making an effort to distribute goods fairly, one of the chief U.S. conditions.

Iraq has often complained that the United States is delaying aid shipments to punish Saddam, but U.S. officials deny the allegation.

Akashi said delays had been caused in part by confusion over U.N. regulations. For example, he said the rules require medicines shipped to Iraq to be described by their generic names.

"But when applications came with the commercial name, confusion arose whether this was the same medicine," he said.

Under the plan, Iraq is allowed to sell up to dlr 2 billion worth of oil to buy food and medicine for its people suffering the effects of nearly seven years of international sanctions.

Those sanctions were imposed after Iraq invaded neighboring Kuwait in 1990. The oil-for-food program runs out June 7.

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[turkey]

AP VVV22 Aa ----- UN-Iraq Oil,0401

05-22 11:26p

US will not support increase in Iraq oil sales

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - The United States opposes an increase in the amount of oil Iraq is allowed to sell under the U.N. oil-for-food plan and remains undecided whether to support an extension of the program, U.S. Ambassador Bill Richardson said Thursday.

The Security Council must decide whether to renew the six-month program under which Baghdad can sell up to dlr 2 billion worth of oil to buy food and medicine for its people suffering the effects of nearly seven years of international sanctions.

Those sanctions were imposed after Iraq invaded Kuwait in 1990. The oil-for-food program runs out June 7.

"You should not expect the United States to support" any increase in the amount of oil Iraq could export if the program is renewed, Richardson said.

"The United States government has not yet decided whether to support the extension," he added.

Richardson told reporters the United States has concerns about the transparency of aid distribution efforts in the northern Kurdish-controlled area of Iraq as well as regions administered by President Saddam Hussein.

Aid supplies purchased with oil revenues are distributed by the United Nations in the northern area of Iraq controlled by Iraqi Kurds. In the rest of Iraq, 151 U.N. officials monitor distribution by the Baghdad government.

Richardson said the U.S. wants more precise information from the United Nations on how this system is working.

Earlier Thursday, the head of the U.N. Department of Humanitarian Affairs, Yasushi Akashi, said that it is a "foregone conclusion" that the oil sale will be continued after June 7.

But the final decision remains with the Security Council, where the United States has a veto.

A Western diplomat, speaking on condition of anonymity, said the program will probably be extended "with conditions." The diplomat said several major countries want the United Nations to be more "discerning" about information provided by the Iraqis.

The diplomat also said it has been taking too much time for the supplies to reach ordinary Iraqis.

Iraq has often complained that the United States is delaying aid shipments to punish Saddam, but U.S. officials deny the allegation.

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^BC-Turkey-Iraq-Oil<

^Turkish energy minister to visit Baghdad for talks<

ANKARA, Turkey (AP) — Turkey's energy minister will fly to Baghdad on Wednesday, his second visit in three months, for talks on an Iraqi offer to develop gas and oil fields.

Recai Kutan, the minister, will be accompanied by heads of Turkey's state-run oil and gas companies, the Anatolia news agency reported Tuesday.

Kutan has said Turkey was considering the Iraqi offer but stressed that any Turkish contribution to Iraq should not be considered as an investment.

A U.N. embargo imposed on Iraq for its 1990 invasion of Kuwait stays in effect until U.N. inspectors certify that Iraq has destroyed its long-range missiles and nuclear, chemical and biological weapons.

(sh)

AP-LD-05-06-97 1603GMT<

[Iran]

AP VVV40 Aa a---- Iraq-Oil-for-Food

04-14 11:18a

Iraq charges that food for Kurds being 'hijacked'

By WAIEL FALEH

Associated Press Writer

BAGHDAD, Iraq (AP) - Iraq has charged that wheat provided under the special U.N. "oil-for-food" program is being hijacked in the North by Kurdish leaders and sold on the black market.

The official Iraqi News Agency said Sunday that wheat rations destined for Sulaymaniyah province had been waylaid and not distributed to the public.

Sulaymaniyah, which is 260 kilometers (156 miles) northeast of Baghdad, is under the control of the Iranian-backed Patriotic Union of Kurdistan, headed by Jalal Talabani.

Iraq has had little authority in the northern provinces since shortly after the 1991 Gulf War, when the U.S. and its Western allies set up a "safe haven" for Kurds to protect them following a failed uprising against Iraqi leader Saddam Hussein.

Iraq has been under U.N. sanctions that prohibit the sale of its oil since its 1990 invasion of Kuwait. But acute shortages of food and medicine prompted the U.N. Security Council last year to approve limited oil sales to allow the country to buy necessities.

Iraqis in central and southern cities began getting expanded wheat rations in April, and additional food items will be distributed starting in May, the government says.

But distribution in the North is supposed to be supervised by the United Nations.

Iraq's news agency said that wheat provided under the U.N. program was being trucked North but was not getting to the people.

"Citizens in the (Sulaymaniyah) province have not yet received their April flour ration," INA said.

It quoted residents of the area as saying that they have seen "scores of trucks laden with flour arriving in the (provincial) capital ... but they have not received a single gram of flour."

The flour, instead, is being sold on the black market "at very high prices," the agency said.

A U.N. official, contacted by phone in Baghdad on Monday, confirmed that food trucks had traveled to the North and also that there had been no distribution of wheat to the public. He gave no other details and insisted his name not be used.

The United Nations has more than 115 observers in Iraq who must certify to the Security council that the goods purchased under the "oil for food" program are being distributed fairly to Iraq's 22 million people.

INA said the Iraqi Trade Ministry has sent 5,000 tons of wheat to the North. It was unclear if the figure was for the entire Kurdish region, which stretches to the Turkish border, or just for the Sulaymaniyah area.

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AP VVV29 Aa a---- UN-Iraq, 1st Ld-Writethru

04-11 4:35p

RETRANSMITTING TO ADD SEQUENCE DESIGNATOR

U.N. secretary-general expects Iraq's oil-for-food deal to renew
Eds: UPDATES with comment from van der Stoel's news conference.
AP Photo GEV-101

By ALEXANDER G. HIGGINS

Associated Press Writer

GENEVA (AP) - The U.N. Security Council is likely to extend
Iraq's oil-for-food permission when the first half year expires in
June, U.N. Secretary-General Kofi Annan said Friday.

Annan noted that the council approved the exemption to sanctions
on Iraq because members "realized the sanctions could be blunt
instrument."

"They did not want to hurt the population in Iraq, particularly
the women and children," Annan told reporters.

The first six-month exemption began last December, when Iraq
agreed to conditions for the sale of dlr 2 billion worth of oil to
buy food and medicine for its people.

Part of the proceeds also go to paying compensation to victims
of Iraq's 1990 invasion of Kuwait.

"My own suspicion is that once the six months is over, since
the conditions that led to the passage of that resolution will
still be relevant and the compensation will still have to be paid,
the council would be inclined to extend it for another six
months," said Annan.

Max van der Stoel, the U.N. human rights investigator for Iraq
who has been bitterly critical of President Saddam Hussein's
government, said he was pleased the supply of food was improving.

He said he welcomed "the fact that the government of Iraq
finally decided after years of shameful delay to accept the
food-for-oil formula."

"All that famine wasn't necessary," van der Stoel said. All
the suffering of children could have been avoided "if Iraq had
worked out food-for-oil four years earlier."

Van der Stoel noted that so far dlr 750 million worth of oil
had been sold, with dlr 519 million going for food, medicine and
other humanitarian needs and dlr 236 million for the compensation
fund.

The presence of international observers will help to make sure
the supplies are distributed to the needy.

"But it is not sufficient," van der Stoel told the U.N. Human
Rights Commission on Friday, noting "the long experience of
(Iraqi) governmental authorities avoiding respect of their
obligations and specific agreements with the United Nations."

He said the observers were being restricted in moving around the
country and are mainly based in Baghdad.

"Meaningful supervision requires the free and unobstructed
movement of U.N. observers throughout the country to ensure that
the benefits of the sale of oil really do go to the very many in
genuine and great need," van der Stoel said.

(eb-agh)

111335 Apr GMT

ank 233 87 intw

^BC-Turkey-Pipeline Sabotage<

^Local oil pipeline in southeastern Turkey blown up<

BATMAN, Turkey (AP) — Kurdish rebels blew up a small oil pipeline carrying crude from a local pump to a refinery in this southeastern town, the Anatolia news agency said Saturday.

The explosion Friday night caused 1,500 barrels of oil, worth dlr 80,000, to spill out before valves were shut, Anatolia reported.

Kurdish rebels have sabotaged pipelines in the region before. The Iraqi-Turkish pipeline has been the most common target, being the most important one. But it was shut down after the Gulf War due to the oil embargo on Iraq and only recently became operational again to export Iraqi oil under a special U.N. oil-for-food deal.

A January attack on the Iraqi pipeline failed to disrupt the oil flow because it hit a pipe which was not being used.

The pipeline is maintained by BOTAS, the state-run pipeline company. Neither BOTAS officials nor local government officials were available for comment Saturday.

Meanwhile, Turkish troops killed 30 Kurdish rebels during various clashes in the region Friday, Anatolia said. Five troops were killed in the fighting.

More than 23,000 people have died in the 12-year-old conflict.

(yo-fd)

AP-LD-04-05-97 1427GMT<

Albright warns that Iraq could develop nuclear weapons

Eds: recasts, adds details

By GEORGE GEDDA

Associated Press Writer

WASHINGTON (AP) - Calling for continued international resolve against Iraq, U.S. Secretary of State Madeleine Albright said Wednesday that Baghdad retains 7,500 nuclear experts and the technical documents needed to make nuclear weapons.

"Containment has worked, but - despite Iraq's present weakness - the future threat has not been erased," Albright said.

For the United States to soften its policies before Iraq's behavior and intentions change would "allow the scorpion that bit us once to bite us again," she said.

Albright spoke to a gathering at Georgetown University, where she spent many years as a professor.

The Clinton administration generally has shied away from discussing the post-Saddam Hussein era but Albright acknowledged that the United States would be prepared to "enter rapidly" into a dialogue with a successor regime.

"Clearly," she said, "a change in Iraq's government could lead to a change in U.S. policy."

Under the terms of the Gulf War cease-fire, Iraq is barred from developing or maintaining nuclear, chemical and biological weapons as well as long-range missiles.

Albright said that while Iraq's chemical and biological weapons production facilities have been destroyed, there is no convincing evidence that all of the weapons themselves have been demolished.

Beyond that, she said Iraq "retains more than 7,500 nuclear scientists and technicians as well as the technical documents related to the production of nuclear weapons."

She also said Iraq has been caught trying to smuggle in missile guidance instruments and that it is "highly likely that Iraq retains an operational SCUD missile force," probably with chemical and biological weapons to go with it.

Borrowing a phrase from former British Prime Minister Margaret Thatcher, Albright said this is not the time "to go wobbly on Iraq."

She reaffirmed her disagreement with nations which suggest that Iraq need do no more than eliminate weapons of mass destruction to qualify for a lifting of punitive U.N. Security Council resolutions.

Before the United States would agree to such a change, "Iraq must prove its peaceful intentions," she said. The U.N. sanctions were imposed after the Iraqi invasion of Kuwait in 1990.

Albright also outlined in some detail U.S. conditions for opening a dialogue with "a successor regime" in Iraq.

"First, because we are firmly committed to Iraq's territorial integrity, we would want to verify that the new Iraq would be independent, unified and free from undue external influence, for example, from Iran," she said.

"Second, we would require improvements in behavior. Is there cooperation with UNSCOM (the U.N. Special Commission on Iraq) and compliance with U.N. resolutions? Is there respect for human rights, including the rights of minorities? Is there a convincing repudiation of terrorism? Are its military ambitions limited to those of reasonable defense?

"If our concerns were addressed satisfactorily, Iraq would no longer threaten regional security. Its isolation could end."

At that point, she said, the United States would seek ways to ease Iraq's re-integration by discussing a whole range of economic and security matters.

"Iraq could begin to reclaim its potential as a nation rich in resources and blessed by a talented and resourceful people," she said. "And Iraq could become a pillar of peace and stability in the region."

[Bulgaria]

AP VVV30 Aa a----- Iraq-UN,0353

03-21 7:30p

Nearly four months after agreement, food arrives in Iraq

By WAIEL FALEH

Associated Press Writer

BAGHDAD, Iraq (AP) - Iraq's embattled dinar gained value Friday after truckloads of chickpeas and vegetable oil arrived in Iraq under the United Nations oil-for-food program.

The shipment Wednesday was the first to arrive in Iraq, coming nearly four months after the U.N. program was launched.

The United Nations agreed in December to allow Iraq to sell up to dlr 2 billion in oil for an initial six-month period to buy food and medicine. The oil sales began soon after.

Iraqi officials have complained about delays in the food deliveries, blaming a cumbersome system set up to make sure the government does not divert supplies to groups loyal to it.

But Western officials have also blamed Iraq, which demands that it have 30 days of supplies before distribution begins. They say bureaucratic problems have mounted because Iraq will not ensure that U.N. observers can move around the country freely.

The Iraqi dinar went from 1,330 to the U.S. dollar to about 1,200 on Friday following word of the shipment's arrival, Iraqi money changers said. Last year, the dinar went as high as 450 to the dollar when optimism was its peak over the U.N. deal.

The currency's value is often a barometer of sentiments in Iraq, which has seen health and economic conditions deteriorate drastically since U.N. sanctions were imposed after Iraq invaded Kuwait in 1990. Those sanctions included a ban on oil sales.

The food will probably not be distributed for a month because the Iraqi government has said it first wants to have a full supply so as not to interrupt its distribution later.

The shipment included eight trucks carrying 16 metric tons (17.6 tons) of chickpeas and 109 metric tons (120 tons) of vegetable oil, U.N. officials said. It crossed Wednesday into Zakhu in northern Iraq from Turkey.

A shipment of rice from Thailand is heading to the southern port of Basra and is expected to arrive Sunday.

211630 Mar GMT

[athens]

AP VVV36 Aa ----- Iraq-Food,0321

03-03 6:00p

First food supply reaches Iraq in end of March, says minister

By WAIEL FALEH

Associated Press Writer

BAGHDAD, Iraq (AP) - The first shipment of food bought by Iraq under the U.N. oil-for-food deal arrives at the end of this month, Trade Minister Mohammed Mehdi Saleh said Monday.

About 25,000 tons of French wheat will be delivered to Iraq's southern port of Umm Qasr and immediately distributed to the people, nearly four months after the United Nations allowed Iraq to resume selling oil to buy food and medicine, he said.

The United Nations imposed sweeping sanctions on Iraq, including a ban on oil sales, after it invaded Kuwait in 1990.

In response to deteriorating economic and health conditions, the United Nations permitted Iraq to sell up to dlr 2 billion in oil for an initial six-month period to buy food and medicine. But contracts for the goods must be approved unanimously by a 15-country committee, which consists of Security Council members.

Saleh said Monday the committee has approved only nine of 222 contracts Iraq has submitted since the program began in December.

He said the nine contracts, worth dlr 130.7 million, include 460,000 tons of wheat from France and Australia, baby milk from France and Tunisia, 60,000 tons of rice from Thailand, medicine from Britain and tea from Sri Lanka.

Saleh said Iraq was still waiting for approval of contracts signed with Turkey, Egypt and Jordan.

"The approval on all the contracts will be achieved in defiance of the United States and Britain," Saleh told a news conference in the Iraqi capital.

The United States and Britain have insisted that the United Nations impose tight controls to make sure the supplies are distributed fairly. Some 150 U.N. observers are to take part.

Saleh said 70 of those observers are already in Iraq.

031500 Mar GMT

[turkey]

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^UN inspector: Iraqi missiles handover positive development<

^AF Photo ANK101<

ANKARA, Turkey (AP) _ The U.N. chief inspector on Wednesday described as a "positive step" a recent agreement by Iraq to allow destroyed missile debris to be flown abroad for inspection.

"We hope this will lead to further steps," Rolf Ekeus told reporters. He came here to brief Turkish officials on Iraq's program of destroying weapons of mass destruction.

The United Nations wants to test the debris to make sure that Iraq has not hidden sophisticated Russian-built engines or engine parts and replaced them with virtually useless Iraqi-made pieces before destroying the missiles.

"We need to count the remnants to see how many (missiles) were really destroyed and to see how many are not destroyed," Ekeus said.

He said his team was now packing the missile engine remnants into crates to be flown to the United States for inspection by international missile experts. Parts would be flown to France and a third country which he did not name.

Ekeus said the United Nations was still concerned by Iraq's chemical weapons capability, as the country may have retained a stock of the most advanced chemicals. The issue is to be taken up in Baghdad next month.

The U.N. imposed sanctions on Iraq after Baghdad invaded Kuwait in 1990. The United Nations says the sanctions will remain in effect until Iraq fully cooperates with U.N. arms monitors working to dismantle Iraq's chemical and biological weapons and long-range missiles.

(sf)

AF-LD-02-26-97 1136GMT<

141758 jul 97

[ankara]

AP VVV77 Aa ----- Iraq-UN

07-14 8:59p

Iraq submits food distribution plan to U.N.

By WAIEL FALEH

Associated Press Writer

BAGHDAD, Iraq (AP) - Baghdad has submitted to the United Nations a draft plan for distributing food and medicine to civilians under an oil-for-food deal, a top U.N. official said Monday.

The deal could lead to a resumption of limited Iraqi oil exports.

Staffan de Mistura, the U.N. Humanitarian Coordinator for Iraq, said he received the plan from Iraq Sunday night and the text would be finalized shortly.

"We believe the whole process will be finished within a week," de Mistura said. He gave no details of the plan.

In June, the United Nations renewed the dlrs 2 billion oil-for-food deal for a second six months. The plan is an exemption from the U.N. economic sanctions imposed against Baghdad after Iraq's 1990 invasion of Kuwait and is designed to ease civilian suffering.

But Iraq said that it would not sell oil under the renewed deal until the United Nations approved a plan for distributing the humanitarian supplies that would be bought with the money.

Iraq's government is responsible for distributing supplies in the central and southern parts of the country. U.N. organizations distribute supplies in the semi-autonomous Kurdish areas in the north of the country.

Last week, the United Nations rejected a proposed Iraqi distribution plan, saying it lacked some important details. Neither side said publicly what points were missing.

Iraq's national currency, the dinar, initially fell Monday, but recovered as Iraqis heard from foreign radio stations that the oil may begin to flow soon. The dinar strengthened from a low of 1,970 to the dollar Monday morning to 1,860 to the dollar by the evening.
wf-lm

141800 jul 97

[baghdad]

AP VVV77 Aa ----- AP-APTV: 1800 ADVISORY,1035

07-14 9:35p

APTV's 1800 GMT ADVISORY FOR MONDAY JULY 14TH 1997

[greek]

AP VVV86 Aa ----- UN-Iraq Oil,0709

06-05 3:59a

Security Council lets Iraq sell another dlrs 2.1 billion in oil

Eds: RECAPS previous

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - The United States joined the rest of the Security Council in allowing Iraq to continue selling oil to buy food and medicine, but accused Baghdad of trying to evade controls aimed at ensuring fair distribution of the goods.

The 15-member council voted unanimously Wednesday to allow another dlrs 2.1 billion worth of oil sales, but it refused Iraqi requests to raise the amount. Proceeds from the oil are used to buy food and medicine for Iraqis suffering under six years of international trade sanctions.

The council imposed the sanctions, including a crippling oil embargo, after Saddam Hussein invaded Kuwait in 1990, touching off the Persian Gulf War. Last year, it relaxed the sanctions to allow the first oil-for-food sale.

But the council has refused to lift the embargo entirely until it is convinced Iraq has destroyed its weapons of mass destruction and made a full disclosure to U.N. inspectors.

"We are not entirely satisfied by the implementation so far by the Iraqis and by the (U.N.) Secretariat," U.S. Ambassador Bill Richardson said after the vote.

"We need more, better and timelier information," he added.

"The Iraqi distribution methods and other implementation facets are not in our opinion properly handled."

British Ambassador John Weston voiced similar complaints, saying "One of the points to which we attach importance is that there should be proper monitoring in the way these humanitarian supplies are distributed."

Despite those complaints, the United States agreed to an extension for humanitarian reasons and to forestall pressure from other countries to lift the sanctions, which are unpopular among Arab and developing countries.

As long as the overall sanctions remain, U.N. inspectors are permitted to keep close watch over Iraq's entire military establishment.

The council said Wednesday it would look favorably on extending the oil-for-food sales for a third six-month period if there are no major problems during the next six months. Proceeds from the oil sales also go to pay victims of the Gulf War and to finance U.N. weapons monitoring in Iraq.

In Vienna, the president of the Organization of Petroleum Exporting Countries, Abdalla Salem el-Badri, welcomed the Security Council's decision and predicted it would not adversely affect the oil market.

Iraq had pressed for an increase in the amount of oil it is allowed to sell, maintaining it was unable to buy enough food and medicine with the proceeds from the first sale. It also accused the United States of holding up shipments to put pressure on Saddam's government.

The first shipments of food did not arrive in Iraq until April - four months after oil exports resumed in December.

The United Nations is in charge of distribution in the largely Kurdish north. Elsewhere, Iraqi officials distribute goods under U.N. monitoring.

U.S. officials deny trying to undermine the program, and blame delays on the Iraqis' failure to abide by the rules, such as failing to endorse contracts for humanitarian supplies.

A U.S. official, speaking on condition of anonymity, said the Iraqis had attempted to dictate to U.N. monitors where they could go and what they could do, despite guarantees by Baghdad of freedom of movement.

"Iraq has failed to abide by procedures agreed with the United Nations secretariat," State Department spokesman Nicholas Burns said. "And Iraq has attempted to evade monitoring of the distribution of goods and services and to reinterpret its obligations under the resolution."

He also accused Saddam's government of spending resources "on palaces for the family of Saddam Hussein and on off-shore bank accounts for the family" rather than on programs to help the Iraqi people.

U.S. officials argue the program was never designed to raise Iraqi living standards to levels before the Kuwait invasion, and that Saddam should comply with U.N. orders to scrap his weapons programs.

050101 jun 97

[baghdad]

AP VVV87 Aa ----- US-Cyprus,0736

06-05 4:08a

Division of island is a diplomatic headache

Eds: RECAPS previous

Oil-for-food deal brings little relief to hungry Iraqis
 Eds: UPDATES in 3rd graf with U.N. extending oil-for-food deal,
 raises reference to invasion of Kuwait, ADDS photo number.

AP Photo BAG-101

By WAIEL FALEH

Associated Press Writer

BAGHDAD, Iraq (AP) - The flour is finer, there is salt on the dinner tables and meals now comprise lentil soup.

But apart from these luxuries, life has changed little for Iraqis since the United Nations allowed Saddam Hussein to sell dlrs 2 billion worth oil over the last six months to buy more food for his hungry people.

The deal was an exemption to U.N. sanctions imposed as punishment for Iraq's 1990 invasion of Kuwait, which lead to the Gulf War. The United Nations on Wednesday extended the concession for another six months.

"It is a deal for the U.N. ... and to hell with the Iraqis," shouted Hikmat Sadoon, a 42-year-old schoolteacher, who had come to shop at Baghdad's Jameela food market.

The deal was signed in December, but the benefits did not become apparent until April when Iraq received the first 41,050-ton shipment of vital wheat, which makes up much of the Iraqi diet.

After the shipment arrived, Iraq raised the monthly flour ration from 7 kilograms (15 pounds) per person to 9 kilograms (20 pounds), and cooking oil from 750 grams to 1 kilogram (2.2 pounds).

Also, lentils and salt were added to the list of essential items - flour, rice, sugar, tea, cooking oil, baby formula, soap and detergent - that have been rationed in Iraq since the sanctions.

Residents say the flour now is of finer quality. Previously, sifting the flour for impurities such as barley and corn grains would leave them with only 5 kilograms (11 pounds).

Residents complain they cannot live on flour and rice alone. Vegetables, meat and eggs are too expensive for many.

"What about clothing our children ... we also want to eat vegetables and fruit ... where will we get the money to buy books for the children," said Mahmoud al-Amir, a Baghdad resident.

Before the 1990-91 Gulf crisis, Iraq earned at least dlrs 16 billion a year from its oil sales. But with oil exports blocked under the U.N. sanctions, foreign exchange has become scarce. The dinar has plummeted to 1,500 a dollar. Inflation has skyrocketed.

The 5,000 dinar average monthly salary of a government worker does not go far in the market where meat now sells for 2,000 dinars a kilogram (1,000 dinars a pound). A 30-egg carton costs 2,500 dinars.

In the past, one dinar was enough to buy a meal.

Still, the oil-for-food deal was not meant to bring happiness in Iraq but only aimed at preventing starvation.

The United Nations says the current food basket provides 93 percent of the caloric needs, 100 percent of protein and 97 percent of thiamine needs. However, it covers only 69 percent of iron, 41 percent of niacin and vitamin B-12, and 13 percent of calcium.

Iraq complains that very little medicine and only 700,000 tons of the 2.4 million tons of food expected had arrived so far.

It also accuses the United States of interfering with delivery schedules and U.N. approval of contracts to buy products. Baghdad says the shortages are responsible for the deaths of 30,000 children over the last six months.

"The oil-for-food deal is a food deal, but the U.S. has made a political deal out of it," Trade Minister Mohammed Mehdi Saleh said.

wh-vj

URGENT

U.N. Security Council extends Iraq oil-for-food program for six months

EDS: COMBINES urgent series, minor editing, CORRECTS writethru sequence.

By ROBERT H. REID

Associated Press Writer

UNITED NATIONS (AP) - The U.N. Security Council agreed unanimously Wednesday to extend Iraqi oil-for-food sales for another six months despite complaints from both Washington and Baghdad about how the program was being run.

The 15-member council refused Iraqi requests to increase the amount of oil it can sell to buy food and medicine for its people suffering the effects of six years of international sanctions.

But the council said it would look favorably on extending the program for a third six-month period if there were no major problems during the second phase.

The council imposed sanctions, including a crippling oil embargo, on Iraq after President Saddam Hussein invaded neighboring Kuwait in August 1990, touching off the Persian Gulf War. Before the war, Iraq was one of the world's leading exporters of crude oil.

The council has refused to lift the sanctions until it is satisfied Baghdad has complied with orders to dismantle its weapons of mass destruction.

Last year, however, Iraq accepted a U.N. offer to allow it to sell 600,000 barrels worth of oil every six months to buy limited amounts of food and medicine, which are distributed under strict U.N. controls.

After the council vote, U.S. Ambassador Bill Richardson said American officials "are not entirely satisfied by the implementation (of the program) so far by the Iraqis and by the (U.N.) Secretariat."

"We need more, better and timelier information," he said. "The Iraqi distribution methods and other implementation facets are not in our opinion properly handled."

The program, which expires June 7, took effect last December.

Iraqis complain the first shipments of food did not arrive until four months later and that the amounts permitted under the program are insufficient to improve their lives.

Iraq has also accused the United States of blocking or holding up shipments to put pressure on Saddam's government.

But U.S. officials deny they are trying to subvert the program. Instead, they have blamed delays on the failure of the Iraqis to abide by the rules, such as not endorsing contracts for humanitarian supplies.

The Americans also maintain the program was never designed to raise Iraqi living standards to levels before the Kuwaiti invasion and that Saddam should comply with the U.N. orders to scrap his weapons programs.

"We never intended for (oil for food) to meet all the food and medical needs of the Iraqi people," a senior U.S. official said, speaking on condition of anonymity.

The United States also has complained about the performance of the U.N. Department of Humanitarian Affairs in getting the program off the ground. U.S. officials claimed the department was slow in getting monitors deployed in Iraq to oversee distribution.

"The secretariat has to provide more accurate data," Richardson said. "The Iraqis are playing games with statistics, with figures and our concern is humanitarian needs...They're concerned with playing games."

[sofia]

AP VVV77 Aa ----- Britain-Iraq-Oil

06-03 3:21p

Iraqi oil negotiators try to get into Britain

By DIRK BEVERIDGE

AP Business Writer

LONDON (AP) - Iraq is trying to send five oil executives to London to negotiate an oil sale, drawing fire Tuesday from Iraqi opposition figures.

British companies are authorized to do business with the Iraqis under a United Nations deal that lets Iraq sell limited amounts of oil to raise cash for food and medicine - but the Foreign Office said no immediate decision was made on issuing visas to the Iraqis.

The Iraqi delegation, headed by Abduelah Tikriti, director of economics and finance in Iraq's oil ministry, was in Amman, Jordan, seeking clearance to hold talks in London with Branch Energy, a Foreign Office spokesman said under customary anonymity.

An executive at Branch Energy, Tim Torrington, said his company wants to broker a small oil purchase from the Iraqis on behalf of a commodity trading house he would not name.

The main goal, Torrington said, was to make contacts in Iraq's oil ministry that might prove useful when Iraq is once again allowed to sell all the oil it can.

"We're just hoping to keep friendly with them," said Torrington, whose company is based in Bermuda but does business from Guernsey in the Channel Islands. "Someday things may change. Some of these guys are younger than Saddam Hussein, and I think I am, too."

Aside from the humanitarian oil sales, Iraq has been banned by the United Nations from any other petroleum exports since President Saddam Hussein invaded neighboring Kuwait in August 1990, setting off the Gulf War.

Iraqi opposition leaders were quick to criticize the idea that the oil officials could come to town - warning this could lead to a loosening of the U.N. sanctions.

"We urge all governments to stick to the U.N. resolutions and not negotiate with Saddam," said Ahmad Chalabi, president of the Executive Council of the self-proclaimed Iraqi National Congress, which wants to oust Saddam's regime in Baghdad.

Chalabi said the Iraqi delegation included members of the nation's Military Industrial Organization, which runs Iraq's weapons programs, and said this was "particularly ominous."

But the Foreign Office said there were five Iraqis with visa applications pending, four from the oil ministry and one for Iraq's North Oil Co.

And a London-based Iraqi who lobbies for renewed ties between British business and the Saddam regime said the delegation would contain only oil officials.

Riad el-Taher, who runs the Iraqi lobbying organization Friends Across Frontiers, said the Iraqi opposition was spreading "unsubstantiated innuendos."

"It's purely a scare-up by the so-called opposition to stir things up," el-Taher said.

He said that the Iraqi delegation planned to meet with at least two British oil companies that had previously provided technical assistance to Iraq, but he could not say which companies.

One meeting was to discuss oil production with British help and the other was with a company that could provide Iraq with some necessary spare parts - but el-Taher said this was all part of the oil-for-food deal.

(db)

[Iran]

AP VVV89 Aa ----- Iraq-Oil, 1st Ld-Writethru

08-06 5:19p

Minister: Iraq expects oil exports resumed mid August
Eds: LEADS throughout to CHANGE headline, UPDATE with quotes from
minister saying oil exports expected to resume Aug. 15-20.

By WAIEL FALEH

Associated Press Writer

BAGHDAD, Iraq (AP) - Iraq expects to resume oil sales within two weeks, the country's oil minister said Wednesday.

Lt. Gen. Amer Mohammed Rashid told a news conference that Iraq plans to nearly triple its exports to make up for time lost during its protracted negotiations with the United Nations. He said he expects U.N. approval soon of Iraq's proposal to set prices for the oil, opening the way for a resumption of the exports.

"We will try to export 2 billion dollars worth of oil before the ... deadline," Rashid said, referring to the end of the period in which Iraq is entitled to sell oil under the oil-for-food deal.

"We will export the required quantity," Rashid said.

Experts have warned that Iraq may have a problem selling all of the allowed quantity during the current period. During the last 90-day period it sold only 750,000 barrels a day, partly through the Turkish pipeline and partly from the Iraq port of Al-Bakr.

But Rashid said Iraq hoped to increase exports to 2 million barrels per day to make up for the lost time.

Rashid said he believed the United Nations would approve soon a pricing proposal that Iraq submitted on Tuesday. That proposal would set the price for Iraqi oil exports.

"We expect it will be the middle of this month or the 20th before we start pumping oil," Rashid said.

Under a U.N. plan that went into effect in December, Iraq was allowed to sell up to dlr\$ 2 billion worth of crude oil every six months to buy food and medicine. Sales periods are divided into two, 90-day periods. The plan was renewed on June 8.

But the Iraqis linked the resumption of crude exports to U.N. approval of a new food distribution plan. U.N. Secretary-General Kofi Annan approved the plan on Monday.

Rashid said that Iraq planned to boost its export capacity substantially in the long term.

"We can increase our exporting capacity to 2.5 million barrels per day in a few months after sanctions are lifted and, within one year, we can reach a production capacity of 3.5 million barrels per day, which was our production level before the Gulf War."

The oil-for-food program was conceived as a way of easing the widespread hardship caused by comprehensive sanctions imposed by the United Nations after Iraq's 1990 invasion of Kuwait.

The U.N. Security Council has said the sanctions will remain until Iraq complies with resolutions calling for the elimination of its weapons of mass destruction.

wf-jbm

312044 oct 97

[greek]

AP VVV09 Aa ----- UN-Iraqi Oil, 0229

10-31 11:48p

UN: Iraq suspends loading at oil ports, unsure why

UNITED NATIONS (AP) - Iraqi authorities blocked the loading of crude oil "seven or eight times" in the past two weeks at ports in Iraq and Turkey but have given the United Nations no reason for the action, a U.N. diplomat said Friday.

That raises questions about whether Iraq will be able to meet the quota for oil sales set by the U.N. oil-for-food program.

The United Nations imposed an oil embargo on Baghdad after its 1990 invasion of neighboring Kuwait. Despite the ban, Iraq is permitted to sell up to dlr 2 billion worth of oil every six months to buy food and medicine for its people.

The United Nations monitors the program.

The diplomat, speaking on condition of anonymity, did not say on what days the incidents occurred. But oil was flowing normally Friday out of both the Persian Gulf port of Mina al-Bakr and the Turkish port of Ceyhan, the diplomat said.

Ceyhan is at the western end of a pipeline which carries most Iraqi oil to the Mediterranean.

The loadings were halted neither by any U.N. directive, nor because the oil sales limit for the current six-month phase had been reached, the diplomat said.

Iraq's U.N. ambassador, Nizar Hamdoon, said Friday he was not aware of the suspension and had no explanation.

312051 oct 97

[baghdad]

AP VVV09 Aa ----- US-Foreign Exchange

11-01 0:04a

NEW YORK (AP) - Foreign Exchange, New York prices.
Rates for trades of 1-million-dollar minimum.

Fgn. currency Dollar in

w0286-----

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^BC-UN-Iraq-Turkey,0198<

^U.S. drops objections to spare parts for Iraq-Turkey pipeline

UNITED NATIONS (AP) — Turkey will be given funds to purchase spare parts for the Kirkuk-to-Yumurtalik pipeline that carries Iraqi crude oil to the Turkish port of Ceyhan, the U.N. Sanctions Committee agreed Wednesday.

The action is expected to quell objections raised in the past weeks by Iraqi officials who claimed the flow of oil under the oil-for-food sale would be disrupted by the lack of spare parts for the pipeline.

Before Wednesday's committee meeting, U.S. and other Western diplomats said there was no danger the flow of oil would be disrupted because there were enough spare parts on hand in Turkey and Iraq to handle maintenance problems.

But committee sources, speaking on condition of anonymity, said the Americans dropped their objections and agreed to allow the purchase for the 'medium-term' maintenance of the pipeline.

The pipeline must carry at least half of the oil exported by Iraq in the current U.N.-approved oil sale. In the current six-month phase of the oil sale, about 56 percent of the scheduled sales are to be shipped in the pipeline.

AP-LD-10-08-97 2210GMT<

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^BC-Turkey-Iraq Gasoline<

^Turkey plans to tax Iraqi gasoline trade at border<

ANKARA, Turkey (AP) _ The Turkish government plans to impose taxes on Iraqi gasoline trucked across the border, the Anatolia news agency said Tuesday.

The move is expected to raise some dlrs 450 million a year from estimated imports of 2 million tons (70 million cubic feet) of gasoline, the semi-official news agency said.

A liter of the cheap Iraqi gasoline has been sold in the market at 55,000 Turkish lire (33 cents), half the price of state run refineries. The trucks transport food and other supplies to Iraq.

The gasoline trade at the Habur border crossing violates U.N. sanctions, but is tolerated by the United Nations because of Turkey's complaints of losses incurred by the embargo imposed on Iraq for its 1990 invasion of Kuwait.

The embargo has cost Turkey about dlrs 30 billion.

(sh/vls)

AP-LD-09-02-97 1053GMT<

CAG6465-----

u i BC-Iraq-Oil 08-18 0278

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^BC-Iraq-Oil

^Iraq starts loading crude at Al-Bakr terminal<

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Iraq began Monday loading a tanker with crude oil at the Al-Bakr terminal, the first lifting at the southern port under the second phase of the U.N.-approved oil-for-food program.

Since last week, Iraqi crude has been loaded into tankers at the Turkish port of Ceyhan, where it arrives via pipeline.

The official Iraqi News Agency quoted Abdul-Bari Mahmoud, director-general of Iraq's Southern Oil Company, as saying the first tanker out of Al-Bakr will carry 2.2 million barrels of crude.

He said that a second tanker will dock Tuesday to take on 2.5 million barrels.

Iraq has been under U.N. sanctions banning the sale of oil since its 1990 invasion of Kuwait. The sanctions cannot be lifted until the U.N. Security Council is convinced that Iraq has eliminated all its weapons of mass destruction.

The special oil-for-food program allows Iraq to sell dlrs 2 billion worth of crude over a six-month period to buy needed food, medicine and other humanitarian goods.

Sales in the second phase, which was to have begun June 8, got off to a late start because Iraq insisted that the United Nations approve its food distribution program before the oil began flowing.

Oil officials have said that the country can make up the lost time and sell dlrs 1 billion dollars worth of its oil by Sept. 5.

Iraqi officials said that tankers already have lifted four million barrels of oil at Ceyhan and that a tanker currently in the port is taking on an additional one million barrels.

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AP-LD-08-18-97 1050GMT<

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^BC-Iraq-U.N., 0515<

^Iraq says U.S., Britain blocking contracts in oil-for-food deal<

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Iraq accused the United States and Britain on Wednesday of stalling the approval of more than 140 of its oil-for-food contracts with "baseless excuses."

Iraqi Foreign Minister Mohammed Saeed al-Sahaf said the two powers were "contradicting humanitarian norms" and the spirit of the U.N. Security Council resolution that enables Iraq to sell oil. He made the accusations in a letter to the U.N. secretary-general.

Under the 1996 resolution, Iraq is empowered to sell dlrs 2 billion worth of oil every six months, provided the proceeds are used to buy food and humanitarian goods as approved by a U.N. committee.

In the official Iraqi News Agency's version of the letter, the foreign minister told the secretary-general that the U.S. and Britain had delayed "the approval of contracts to buy food and medicine and humanitarian goods with baseless excuses."

"The resolution is meant to ease the negative effects of the sanctions imposed on Iraq," al-Sahaf wrote, referring to the comprehensive embargo installed after Iraq's invasion of Kuwait in 1990, "but the actions of these two countries contradict the image of that resolution."

The U.S. and British representatives on the committee had delayed 142 contracts submitted by Iraq in the first six-month period, which ended in mid-1997, the minister said.

The representatives had stalled the contracts by demanding more details on "who the final user will be, the items, the entry point ... and how the items could be monitored," al-Sahaf wrote.

As an example, the minister's letter accused the United States of blocking the sale of 100 French ambulances to Iraq.

"The United States said the quantity is more than what Iraq needs," the letter said.

"International standards say that for every 10,000 persons, there must be one ambulance." Yet with the new vehicles Iraq would have only one ambulance for 100,000 persons.

"Could the United States, which rejected the ambulance contract find an alternative to ambulances for us to carry sick people in emergency cases?"

Al-Sahaf asked U.N. Secretary-General Kofi Annan to intervene and facilitate the passage of those contracts that Iraq has submitted as alternatives to the blocked ones.

In a separate development, the Iraqi oil ministry said that the first oil to be sold under the second six-month period will flow out of the Iraqi-Turkish pipeline later Wednesday.

The oil will be loaded on to a tanker in the southern Turkish port of Ceyhan to be shipped to buyers in other countries, a ministry official said.

In a third move, India intends to buy 280,000 barrels of Iraqi crude, the Indian ambassador to Baghdad said in remarks published Wednesday.

India has submitted seven trade contracts with Iraq to the United Nations, the ambassador told the newspaper Al-Jumhuriya.

AP-LD-08-13-97 1434GMT<

Iraq to use dlrs 1.3 billion of oil money for food, other goods

BY WAIEL FALEH

Associated Press Writer

BAGHDAD, Iraq (AP) - Iraq will use about dlrs 1.3 billion from U.N.-approved oil sales to buy food, medicines and other humanitarian goods to ease shortages caused by more than six years of economic sanctions.

A U.N. source in Baghdad said Iraq will receive dlrs 906 million for food imports, dlrs 210 million dollars for medicines and dlrs 149 million for agriculture, electricity and sewage equipment.

Iraq was allowed in December to export dlrs 2 billion worth of oil over six months to help it get around U.N. economic sanctions imposed after its 1990 invasion of Kuwait. The plan was extended for another six months.

But Baghdad can use only a little more than half of the expected dlrs 4 billion receipts for its needs. The remaining money is used to pay U.N. arms monitors in Iraq and to Kuwait to compensate for war damage.

On Friday, the United Nations approved a formula to set prices for Iraqi oil, clearing the way for Baghdad to resume exports over a second six-month period under the "oil-for-food" plan.

Although the second period started in June, Iraq refused to sell any oil, saying the U.N. first approve a plan for distributing food and humanitarian goods in the country.

The U.N. not only provides the mandatory approval but also monitors the distribution of aid to make sure that President Saddam Hussein's government does not divert the supplies to his military and strongest supporters.

The U.N. also has refused to lift the sanctions entirely until it is convinced the Iraqis have destroyed all their weapons of mass destruction and long-range missiles.

Following the U.N. approval of pricing formula, the Iraqi dinar, which had fallen to 1,700 to a dollar, rose to 1,660 on Saturday.

wf-vj

082047 aug 97

[turkey]

AP VVV02 Aa ----- US-Oil Prices,0281

08-09 0:07a

Oil prices fall on U.N. approval of Iraqi oil price plan

NEW YORK (AP) - Oil futures prices sank Friday for the third consecutive day after the United Nations approved a formula for setting prices for Iraqi oil purchases.

It was the last obstacle before Iraq could resume oil exports for the first time since May.

Crude oil for September delivery fell 55 cents on the New York Mercantile Exchange to close at dlrs 19.54. Unleaded gasoline dropped 2.34 cents to 61.99 cents per gallon.

Under the plan, Baghdad can sell dlrs 1.07 billion of crude oil every 90 days to buy food and medicine for its people. The government has been barred from exporting oil freely under sanctions imposed in 1990 after its troops invaded Kuwait.

"Iraq can now start signing contracts," U.N. spokesman Fred Eckhard said Friday. Contracts are routinely accepted with minimal delay.

Iraq has not exported crude since late May when it sold all the oil allowed during the first six months of a U.N. oil-for-food program.

Oil prices tumbled in the last two sessions after Iraq announced it expected to resume oil sales within two weeks. Traders were concerned that the new Iraqi oil would flood the market with exports that could relieve tight inventories but also force prices lower.

Heating oil for delivery in September fell by 1.01 cents to 54.29 cents a gallon. Natural gas for delivery in September rose 0.59 cent to dlrs 2.503 per 1,000 cubic feet.

In London, North Sea Brent Blend crude oil for delivery in September settled at dlrs 18.48 per barrel, down 42 cents, at the International Petroleum Exchange.

082108 aug 97

[baghdad]

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^BC-Turkey-Iraq Oil<

^Turkey expects resumed Iraqi oil flow in 10 days<

ANKARA, Turkey (AP) — Turkey expects Iraq to resume oil flow in the Iraqi-Turkish pipeline in about 10 days, a Turkish official said on Thursday.

“We expect the Iraqi side to resume pumping in 9 to 10 days,” Mahmut Bahar, deputy head of Botas oil terminal in Ceyhan told The Associated Press. “We have completed all our preparations.”

Iraqi Oil Minister Amer Mohammed Rashid said on Wednesday that Iraq plans to nearly triple its exports to make up for time lost during its protracted negotiations with the United Nations.

“We can pump 35,690 barrels an hour,” Bahar said.

Iraq hopes to increase exports to 2 million barrels per day to make up for the lost time when the United Nations approve the plan.

But experts have warned that Iraq may have a problem selling all of the allowed quantity. During the last three-month period it sold only 750,000 barrels a day, partly through the Turkish pipeline and partly from the Iraqi port of Al-Bakr.

Bahar also said that an Iraqi delegation asked Turkish side to make preparations to load Iraqi oil to a 271-meter (894-feet) tanker.

Iraqis declined to give name or flag-country of the tanker, Bahar said. It was not clear when the tanker, which can carry over 2 million barrels of oil, would moor at Ceyhan terminal on the Mediterranean.

Under a U.N. plan that went into effect in December, Iraq was allowed to sell up to dlrs 2 billion worth of crude oil every six months to buy food and medicine. The plan was renewed on June 8.

Meanwhile, Seval Ertubey, a spokesperson for Turkey's state refineries, or Tüpras, said Tüpras is waiting for U.N. approval for Iraqi oil shipment.

She said Tüpras will finalize procurement plans within two weeks after the approval.

(sh-fd)

AP-LD-08-07-97 1251GMT<

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intj 888 nat cai 02 uaej ank

^BC-Iraq-Oil

^Iraq raises gas prices, but they're still below neighbors(

^With Iraq-US(

^By LEON BARKHO=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Iraq has sharply raised gasoline and fuel prices to try to cover refining costs, but they still remain below the prices in neighboring countries.

Oil Ministry officials said Monday that prices went up on Saturday when the government decided to remove fuel rationing that it had introduced in October.

The rationing, put in place at the start of the dispute over U.S. weapons inspectors, was designed to keep motorists from hoarding.

The price of a liter of gasoline was more than tripled to 5 Iraqi dinars (one-third of a U.S. cent) from 1.5 dinars. Diesel fuel and kerosene, used for heating and cooking, were doubled in price to 2 dinars (one-eighth of a cent) a liter. A liter is about one-quarter of a gallon.

While the new prices are very low by world standards, they still will result in income of about 25 billion dinars (dinars 15.6 million) to the government's cash-strapped treasury this year, ministry officials said. They spoke on condition of anonymity.

Water, by comparison, costs about 1,500 dinars (a dollar) for a liter bottle.

Traders said the hike would not upset the smuggling of Iraqi gasoline to neighboring countries, where prices are considerably higher.

Iraq has the second largest proven oil reserves in the world after Saudi Arabia. Iraqi refineries currently are producing about 700,000 barrels of oil per day, and Iraq's domestic needs are estimated at about 500,000 barrels, the government says.

Illicit trade in gasoline and fuel oil thrives with Turkey, where a liter of gasoline costs about 185,000 Turkish liras (86 cents).

About 1,000 trucks bring food and consumer goods across the border from Turkey into northern Iraq, returning with gasoline in special, makeshift tanks built under their vehicles.

The United Nations and Western countries have turned a blind eye to the trade, which technically violates the U.N. sanctions imposed after Iraq's 1990 invasion of Kuwait, which sparked the Gulf War.

Turkey was a major trading partner of Iraq before the war and has complained of massive revenue losses because of the sanctions on Iraq.

There also is illicit trade in gasoline with Syria and Iran, but to a lesser extent than with Turkey, traders said.

In Syria, the price of a liter of gasoline is 20.30 pounds (45 cents), while in Iran it's 160 rials (53 cents).

Traders bring in car batteries, plastic products and spare parts from Iran and cloth, clothing and sweets from Syria.

Traders said about 500 trucks were now crossing the border daily from Syria. They gave no estimates for Iran.

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^Western ships begin lifting Iraqi oil<

BAGHDAD, Iraq (AP) — Iraq began exporting oil under the third phase of the U.N.-approved oil-for-food program Wednesday, the official Iraqi News Agency reported.

Late last week, Iraq announced that it had begun sending oil through its pipeline to Ceyhan, Turkey, and to the al-Bakr port in southern Iraq in preparation for the first liftings.

INA quoted an unidentified oil marketing official as saying that 2 million barrels of crude were lifted Wednesday.

It said a million barrels were loaded by a tanker for the Spanish oil company Repsol at Ceyhan and the same amount by a tanker commissioned by the French Elf Aquitaine oil giant. The agency did not say where the Elf Aquitaine tanker loaded.

It also said a tanker from the U.S. Chevron company was starting to load, but did not say where.

The official said Iraq plans to sell 150 million barrels of crude during the third stage of the program.

Under the U.N.-approved program launched in December 1996, Iraq is allowed to sell dollars 2 billion worth of oil every six months to buy food, medicine and other necessities for its 22 million people.

It is an exception from the U.N. sanctions imposed after Iraq's 1990 invasion of Kuwait, which ban oil sales. The sanctions are not to be lifted until Iraq has eliminated its weapons of mass destruction.

Iraq has signed 30 contracts for sales during the third phase of the program, all of which have been sent to the United Nations for approval.

The U.N. Security Council approved the third phase of the oil-for-food program on Dec. 4, but Iraq refused to pump oil until its food distribution plan was approved. It also delayed oil sales at the start of the second, six-month period, in June, on similar grounds.

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^Iraq starts exporting oil via its Gulf terminal<

BAGHDAD, Iraq (AP) — Iraq began exporting oil Thursday through its Gulf terminal of Mina al-Bakr under the third phase of the U.N. oil-for-food program, the official Iraqi News Agency reported.

Last week Iraq announced that it had begun sending oil through its pipeline to Ceyhan, Turkey, and to the southern port of al-Bakr in preparation for the first lifting. On Wednesday it said that a million barrels each were pumped aboard two tankers at Ceyhan.

The agency reported Thursday that a first shipment of 600,000 barrels was lifted by an unidentified tanker at al-Bakr.

Another tanker is due to dock at the terminal Friday to lift 390,000 barrels, the agency said.

Iraq plans to export 150 million barrels of crude during the third six-month phase of the oil-for-food program.

The country exported 51 million barrels via Mina al-Bakr during the first stage and 54 million barrels during the second leg.

Under the program, which began in December 1996, Iraq is allowed to sell dlrs 2 billion worth of oil every six months to buy food, medicine and other necessities for its 22 million people.

The program enables Iraq to bypass the sanctions imposed after its 1990 invasion of Kuwait. The sanctions ban oil sales and are not to be lifted until Iraq has eliminated its weapons of mass destruction.

The U.N. Security Council agreed to the third phase on Dec. 4, but Iraq refused to pump oil until its food distribution plan was approved. It also delayed oil sales at the start of the second phase last June on similar grounds.

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^Iraqi oil stored in Turkish Mediterranean port for exports<

CEYHAN, Turkey (AP) _ Crude oil being pumped from Iraq under the third phase of the U.N.-approved oil-for-food plan was being stored in tanks at this Mediterranean port for soon-to-start exports, Turkish pipeline company said Thursday.

Iraq resumed pumping oil through the Iraqi-Turkish pipeline on Wednesday. It plans to export 800,000 barrels of oil a day this month if oil prices average dlrs 15 per barrel.

"Currently 20,000 barrels of crude oil an hour is being pumped here," said a statement from Turkey's state-run pipeline company, Botas. "As soon as Iraq's oil sales contracts are approved by the U.N., loading of oil onto tankers will start. We understand that the loading will be able to start in a few days."

Iraq's Oil Minister Amer Mohammed Rashid said Wednesday endorsement of their proposed oil pricing plan by the U.N. sanctions committee was expected within 48 hours.

Iraq had stopped exports last month, awaiting approval for its third-phase plan.

The program allows Iraq to sell dlrs 2 billion in oil over a six-month period to buy needed food and medicine for its 22 million people.

It is an exception from the sanctions imposed after Iraq's 1990 invasion of Kuwait that ban oil sales. The sanctions are not to be lifted until Iraq has eliminated its weapons of mass destruction.

The 986-kilometer (616-mile) pipeline runs from the Iraqi oil fields of Kirkuk to Ceyhan.

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^Iraq restarts pumping oil into Turkish pipeline(

CEYHAN, Turkey (AP) _ Iraq resumed pumping crude oil the Iraqi-Turkish pipeline on Wednesday, said a senior official at Ceyhan oil terminal on the Mediterranean.

``They started pumping this morning but the oil has not reached Ceyhan yet," the official said, on condition of anonymity.

The official refused to say when the oil would reach the Turkish end.

The resumption of Iraqi oil exports comes a day after the United Nations approved Baghdad's to distribute humanitarian supplies under the oil-for-food program.

Iraq had stopped exports last month, awaiting approval for the plan.

The U.N. Security Council approved the third phase of the oil-for-food program on Dec. 4, but Iraq refused to pump oil until its food plan was approved.

The special oil-for-food program allows Iraq to sell dlr 2 billion in oil over a six-month period to buy needed food and medicine for its 22 million people.

It is an exception from the sanctions imposed after Iraq's 1990 invasion of Kuwait that ban oil sales. The sanctions are not to be lifted until Iraq has eliminated its weapons of mass destruction.

The 986-kilometer (616 mile) pipeline runs from the Iraqi oil fields of Kirkuk to Ceyhan.

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^Iraq resumes trade in diesel fuel with Turkey(

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BAGHDAD, Iraq (AP) _ Iraq is again allowing Turkish trucks to pick up Iraqi diesel fuel, ending a monthlong suspension, Iraqi newspapers reported Thursday.

The papers said 300 trucks entered Iraq on Wednesday and 500 more were expected Thursday.

Turkish truck drivers have for years transported food and consumer goods across the border into northern Iraq, returning with small amounts of diesel in makeshift tanks built under their vehicles.

The United Nations and Western countries have basically turned a blind eye to the trade, which technically violates the U.N. sanctions imposed on Iraq after its 1990 invasion of Kuwait.

The trade in Iraqi diesel stopped at the beginning of November when Iraq, fearful of U.S. air or missile attacks over its expulsion of American U.N. inspectors, halted operations at its major refineries. Iraq also imposed fuel rationing inside the country which has not yet been lifted.

Iraq on Nov. 13 expelled American inspectors with U.N. weapons teams after accusing them of spying. They were allowed to return a week later under a Russian-brokered deal. The Americans had said during the crisis that they would not rule out a military strike to punish Iraq.

It is not clear how much Iraqi diesel goes to Turkey, where it is resold to motorists at prices below those for other imports.

But the trade is crucial for Kurdish rebels under Massoud Barzani, head of the Kurdistan Democratic Party who currently has good relations with Iraqi leader Saddam Hussein.

The KDP collects taxes from the Turkish trucks and uses the income, amounting to several million dollars a month, to finance its activities. The revenues from the illicit trade are a bone of contention with rival Jalal Talabani of the Patriotic Union of Kurdistan, who wants a share of the tax income.

The U.N. trade sanctions bar the export of Iraqi oil, although the United Nations has allowed Baghdad limited sales under a special "oil-for-food" program.

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^Iraq halts pumping oil to Turkey despite U.N. permit<

^Eds: UPDATES with Turkey expecting new Iraqi oil in January, comment from Iraqi official<

CEYHAN, Turkey (AP) ÷ Iraq stopped pumping crude oil into an Iraqi-Turkish pipeline on Friday at the end of the second six-month U.N.-approved oil-for-food deal despite the United Nation's go-ahead for a third term.

``They (Iraqis) stopped pumping the oil at 7 a.m. (0500 GMT),'' Esen Sencil, operations manager at Turkey's Ceyhan oil terminal on the Mediterranean, said by telephone.

Turkey's state run pipeline company, Botas, said in a statement that the Iraqi oil was expected to flow again in January after new sale contracts were approved by the United Nations. But an Iraqi official at Ceyhan was more optimistic.

``We may restart pumping oil in 15 days,'' Sadullah Ahmad, head of Iraqi pumping team, said. He refused to elaborate.

The statement from Botas added that Ceyhan terminal was fully ready for the new six-month phase.

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Iraq's U.N. ambassador, Nizar Hamdoon, said Thursday that "unless we see a distribution plan approved ... we are not going to pump any oil." That, diplomats said, could take weeks.

Iraq blames the United States and the United Nations for a slowdown in aid delivery. Baghdad has about dlrs 1 billion in unspent funds from oil sales that could be used to buy food even if it is not selling oil.

Ugur Baser, deputy manager of Ceyhan terminal, said Iraqis did not give an explanation about why the pumping was halted.

Sencil said there were no planned Iraqi crude loadings.

Facing a "humanitarian disaster" in Iraq, the Security Council unanimously approved the resolution on Thursday allowing Baghdad to continue selling limited amounts of oil to buy food and medicine. It also pledged to consider increasing the dlrs 2.14 billion worth of oil Iraq can sell over the next six months if the U.N. chief so recommends.

The program went into effect last year to alleviate suffering brought about by crippling economic sanctions imposed in August 1990 after President Saddam Hussein invaded Kuwait.

The pipeline running from Kirkuk oil fields to Ceyhan carried about 128 million barrels of oil since December 1996.

After a U.S.-led coalition drove Iraqi forces from Kuwait in 1991, the council decided to maintain the sanctions until U.N. inspectors certify that Saddam had destroyed his long-range missiles and weapons of mass destruction.

But international concern has been mounting about the impact of sanctions on Iraq's 22 million people. Last week, UNICEF reported that 960,000 Iraqi children suffer from malnutrition and that the oil-for-food program has done little to alleviate suffering.

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^Iraq says US planes have cut pipeline to Turkey, stopping flow

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BAGHDAD, Iraq (AP) _ The Iraqi-Turkey oil pipeline has been severed by an airstrike, an Iraqi Oil Ministry official said Sunday.

The attack halted the flow of crude oil through the pipeline, which runs from the northern Iraqi field of Kirkuk to the south Turkish port of Ceyhan, the ministry's director of planning, Faleh al-Khaiat, told a press conference.

The airstrike hit a pumping station in northern Iraq, killing one Iraqi and wounding two others seriously, the official said.

Al-Khaiat said the man killed was an observer, employed by the Iraqi government, who worked with the U.N. oil-for-food program that monitors the flow through the pipeline.

"A criminal attack by the enemy today caused extensive damage to the station which controls the flow of oil through the Iraq-Turkey pipeline, stopping the flow," al-Khaiat said.

The pumping station, 40 kilometers (25 miles) west of Mosul, had been "bombed" in a deliberate attack by "American aircraft."

Earlier Sunday, the U.S. fighters attacked Iraqi military installations after planes patrolling the "no-fly" zone over northern Iraq came under fire, a U.S. military official said.

The targets included an Iraqi air defense headquarters, a radio relay site and a surface-to-air missile site, said Air Force Capt. Mike Blass, a spokesman for the U.S. European Command, which oversees the northern zone, in Stuttgart, Germany.

Blass said nothing about an attack on a pipeline.

There was no immediate response from the U.S. military about a strike on the pipeline.

U.S. and British planes, which patrol "no-fly" zones over northern and southern Iraq, have been striking Iraqi military sites on an almost daily basis since late December. Iraq then began challenging the zones by firing at allied planes or locking its radar systems on to them.

The "no-fly zones" were set up after the 1991 Gulf War to protect Kurdish rebels in the north and Shiite Muslims insurgents in the south.

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^Iraqi official says airstrike hit pipeline to Turkey, stopping flow

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^Iraqi minister says airstrike hit pipeline to Turkey, stopping flow

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BAGHDAD, Iraq (AP) _ The Iraqi-Turkey oil pipeline has been severed by an airstrike, Iraqi Oil Minister Amer Mohammed Rashid said Sunday.

No oil is flowing through the pipeline, which takes crude from the northern Iraqi field of Kirkuk to the south Turkish port of Ceyhan, Rashid told a press conference.

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^Iraq says crude exports continuing despite air strikes<

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^By LEON BARKHO=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Iraq's crude oil exports under the U.N.-approved oil-for-food program are continuing despite the military strikes on the country, Oil Ministry officials said Saturday.

The officials told The Associated Press that exports were averaging 1.8 million barrels per day from Al-Bakr port on the Gulf and terminals at the Turkish port of Ceyhan on the Mediterranean Sea.

They said a tanker with a 2 million barrel capacity would finish loading at Al-Bakr on Saturday and that a second tanker with that capacity was waiting to load. The officials spoke on customary condition of anonymity.

The official also disclosed for the first time damage to oil facilities caused by three nights of missile attacks by U.S. and British forces.

The attacks were launched starting Thursday to punish Iraq for failing to cooperate with U.N. inspectors who are charged with overseeing the elimination of its weapons of mass destruction.

The officials said a main pumping station on Iraq's so-called strategic pipeline close to Basra was hit. Iraqi workers are repairing the damage, they added.

They also said missiles hit a refinery in the southern city of Basra but that the damage was repairable.

As a precautionary measure, Iraq has halted work at its refineries across the country. Gasoline and other oil products appeared to remain plentiful, at least in the capital.

The officials said they are expecting a tanker with a million barrel capacity at Al-Bakr on Sunday, and that a 1.2 million barrel tanker was due Tuesday.

They said that communication with various oil centers had become extremely difficult. This suggested that telephone operations have been disrupted by the missile strikes.

They said senior oil officials were traveling by road to oil facilities in northern and southern Iraq to monitor operations.

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^High-level Turkish team in Baghdad to boost bilateral trade<

^By LEON BARKHO=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ A top Turkish official met with Iraq's oil minister Saturday at the start of a series of talks aimed at boosting bilateral trade despite tensions over Kurdish rebels and the sharing of river waters.

Mehmet Batalli, a state minister with special responsibility for Iraqi affairs, met with Oil Minister Lt. Gen. Amer Mohammed Rashid, the official Iraqi News Agency said. It gave no details.

"Turkey will take all the measures and facilities needed to develop bilateral ties," INA quoted Batalli as saying.

"The visit reflects a desire by Turkey to boost volume of economic and commercial exchanges to highest levels possible," said Batalli, the state minister for atomic energy and state statistics.

His visit follows Iraq's recent warning that Turkey will lose business deals under the U.N.-approved oil-for-food deal if it carries out military threats against Syria. Turkey accuses Syria of harboring Turkish Kurdish rebels. Syria denies it.

Turkey has sold Iraq goods worth dlrs 230 million since the oil program began in December 1996.

The issue of Kurdish rebels also has chilled Turkey's relations with Iraq: Turkish troops frequently cross over into northern Iraq in pursuit of the rebels who use the area as a base to attack targets in southern Turkey.

Iraq also criticizes Turkey for hosting U.S. and British warplanes that enforce a no-fly zone over northern Iraq to guard it from attacks by the Iraqi army.

Besides, the two countries also disagree on sharing the waters of Tigris and Euphrates rivers.

Reflecting the sour relations, state-run newspapers ignored Batalli's arrival Friday and Iraqi authorities did not invite Western news organizations to cover the visit.

Turkey apparently hopes that Batalli's presence in Baghdad could help smoothen relations.

He is accompanied by a large trade delegation, including officials from the state pipeline company, Botas, state refinery TUPRAS and state oil exploration company TPAO.

Batalli is scheduled to meet with Iraqi ministers of trade, transportation, communication and health during the visit, which INA said will last several days.

Turkey says it has lost billions of dollars as a result of the trade sanctions the United Nations imposed on Iraq for invading Kuwait in 1990.

The state-run weekly, al-Maw'id, said the two sides will discuss opening of a new border post to accommodate an increase in bilateral trade.

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^Turkey plans to import Iraqi crude by trucks(

ANKARA, Turkey (AP) _ Turkey plans to use trucks to import Iraq crude from a border crossing, an official said on Tuesday.

''There are plans to import 60,000 tons (419,880 barrels) of crude oil from Iraq by tankers a year,'' said Vedat Buyukersoy, deputy governor of the southeastern Sirnak province on the Iraqi border.

The trucks would ferry the crude oil from the border crossing of Habur, Buyukersoy told The Associated Press in a telephone interview. He refused to say when the trade would start.

But another official, speaking on condition of anonymity, said three Turkish tanker firms were close to finalize a deal in Baghdad for the transportation of the crude into Turkey.

Turkey already receives Iraqi crude through an oil pipeline running from Iraq to a Turkish Mediterranean port under a United Nations approved plan.

But the cross-border crude oil import would be outside the U.N. approved deal. Turkey has long requested from the United Nations to be granted a special status which would keep Turkey exempt from a ban to make trade with Iraq under the U.N. imposed embargo on Baghdad.

The United Nations has not accepted the Turkish request. But the United Nations and Western countries turn a blind eye to a similar diesel and fuel oil trade with Iraq because of Turkey's complaints of losses incurred by the embargo.

Turkey says it has suffered dlrs 30 billion of financial losses because of the trade sanction on Iraq following its invasion of Kuwait which led to the Gulf War in 1991.

Zulal Sonmez, head of the customs department of Habur border gate, said the Iraqi crude oil would be processed at a nearby refinery in Batman province.

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^U.S. aware of Iraq smuggling oil into Turkey despite embargo<

WASHINGTON (AP) _ About 45,000 barrels of oil a day are smuggled into Turkey from Iraq in an operation that has gone on for years, the State Department said Friday.

The smuggling violates U.N. sanctions imposed eight years ago.

But spokesman James P. Rubin avoided any criticism of Turkey, a NATO ally and a member of the U.S.-led coalition that forced Iraq to reverse its occupation of Kuwait in the 1991 Persian Gulf war.

He said Turkey had played a major role in allied efforts to contain Iraq and in talks with U.S. officials had expressed ``a willingness to work on bringing this illicit trade under the U.N. sanctions regime.''

Rubin referred to an easing of strictures on trade with Iraq to permit limited oil sales provided the proceeds are used for food and medicine for the Iraqi people.

``This is a situation that we've been dealing with for some year now,''

 Rubin said of the smuggling of oil into Turkey.

Over all, though, he said the boycott had cost President Saddam Hussein dlrs 15 billion a year. Rubin said it was the ``most leak-proof and longest-lasting set of sanctions in their comprehensiveness in history.''

Other officials placed the value of the oil smuggled into Turkey as dlrs 100 million a year.

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^BC-Turkey-Iraq Gasoline<

^Iraqi Kurds limit gasoline sale to Turkish truckers<

SIRNAK, Turkey (AP) _ With the prospects of a military intervention in Iraq looming, an Iraqi Kurdish group on Tuesday limited the sale of gasoline to Turkish truckers, an official said.

While Turkish truckers before were allowed to transport 5.5 million liters (1.43 million gallons) of gasoline per day back to Turkey, the amount was reduced to 2.2 million liters (0.57 million gallons), Halil Ulusoy, the governor for southeastern Sirnak province, told reporters.

''Only 500 trucks were able to cross the border into Iraq today,'' Ulusoy said. ''Normally, 1,600 go through daily.''

The Kurdistan Democratic Party dominates areas of northern Iraq along the Turkish border and controls the gasoline trade. They are limiting the sales to keep reserves for themselves in the event of war.

The gasoline trade, under which trucks carry food to northern Iraq and return with huge tanks of cheap gasoline, violates U.N. sanctions. But the United Nations tolerates it because of Turkey's complaints that it has lost some dlrs 35 billion from an embargo imposed on Iraq after it invaded Kuwait in 1990.

Truckers buy the gasoline at 50,000 Turkish lira (22 cents) a liter in Iraq and sell to Turkish buyers at 80,000 Turkish lira (35 cents) a liter. A liter of gasoline normally sells for 110,000 Turkish lira (48 cents).

(sh-sf/djw)

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^Pipeline installations hit again by US aircraft, says Iraq<

^Eds: UPDATES with Iraq saying US planes hit another pipeline installation grafs 2-5; CHANGES overline; no pickup<

^AP Photo Planned<

^By JASSIM MOHAMMED=

^Associated Press Writer=

MOSUL, Iraq (AP) _ Iraq could resume pumping oil in a few a days through the pipeline to Turkey whose installations were wrecked by a U.S. airstrike, an Iraqi oil executive said Monday.

Hours later the Iraqi armed forces accused U.S. warplanes of hitting a "control system" of the pipeline Monday, the second alleged attack on the line in two straight days.

U.S. warplanes damaged "another circle in the control system of the operations of the Iraq-Turkey pipeline," the official Iraqi News Agency reported the military as saying.

A U.S. military spokesman in Stuttgart, Germany, said that American aircraft had attacked Iraqi communications and air defense sites Monday after coming under fire while patrolling the "no-fly" zone over northern Iraq.

But there was no immediate U.S. response to the accusation of hitting a pipeline installation.

The attack at 1:35 p.m. local time (1035 GMT) "isolated the (pipeline's) metering station west of Zakho," the Iraqi statement said. It did not say where the control system was, but Zakho is a town on the Iraqi-Turkish border 470 kilometers (295 miles) north of Baghdad.

The director-general of Iraq's Northern Oil Company, Talal Ashur, had said Iraq was considering provisional measures that could get the oil flowing soon at a reduced rate. It was not clear how much the damage to the control system would affect these plans.

Ashur spoke to reporters while conducting reporters on a tour of the pipeline's communications center and adjoining power station that Iraq says U.S. aircraft attacked Sunday.

One person was killed in the attack Sunday and two were wounded, Iraqi officials said.

In Washington, U.S. Defense Secretary William Cohen overrode earlier U.S. denials of involvement by saying that American planes may have hit the site 40 kilometers (25 miles) west of Mosul.

"We did in fact target a communications facility which may, or may not, have interrupted the flow of oil going to Turkey, but we believe the target itself was one that was used for communications purposes to their military," Cohen said.

U.S. military officials had earlier said their planes attacked Iraqi air defense and communications sites after aircraft patrolling the "no-fly" zone over northern Iraq came under fire. The officials denied that the pipeline or a pumping station was hit.

In Turkey, an official for the state company that operates the Turkish section of the pipeline confirmed that the flow had stopped. The official, speaking on condition of anonymity, said he was in the dark as to the cause of the stoppage.

U.N. officials in Baghdad also confirmed the interruption, but would not speculate on the cause.

The 1,000 kilometer (625 mile) line from the northern Iraqi field of Kirkuk to the southern Turkish port of Ceyhan is the only functioning pipeline in Iraq. It is also one of only two outlets for oil exports. The other is the Gulf terminal of Mina al-Bakr.

"This strike has practically halted the export of crude oil (via Turkey)," Ashur told reporters.

Scraps of metal and communications antennas littered the site. There were small craters in the ground, and the power station was blackened by fire.

Reporters did not see any traces of U.S. weapons. The officials guarding the site did not produce any shrapnel from a bomb or remains of a missile.

Asked if the communications center was ever used for military purposes, Ashur said: "Never. You can verify this from the Turkish side."

Ashur said that to completely restore the communications center and power station, ``we need four weeks'' and foreign assistance.

But he was looking at a number of ``compromise or temporary solutions'' to get a reduced amount of oil flowing ``in a few days,'' he said.

A statement issued by the Turkish operating firm, Botas, said the flow could resume ``within two days after the necessary energy is provided to the station.''

Referring to the loading of Iraqi oil on to tankers at Ceyhan port, the statement said: ``If the problem is solved within two days as told by the Iraqis, there will be no problem.''

The tour corrected the statement by Iraqi oil officials Sunday that a pumping station had been destroyed. But Ashur said the pipeline could not function normally without the communications center, which relays instructions from Kirkuk to the pumping stations and Ceyhan.

Officials have said 56 percent of Iraq's oil exports flow through the pipeline. The country is exporting 2.1 million barrels a day under the oil-for-food program, which provides an exemption to the U.N. sanctions imposed after Iraq's 1990 invasion of Kuwait.

The program enables the Iraqi government to sell oil on condition that the revenue is spent on food, medicine and humanitarian goods for the country's 22 million people.

U.N. monitors who oversee the program were examining damage to the pipeline, said Onukaba Ojo, a U.N. spokesman in Baghdad.

U.S. and British planes, which patrol ``no-fly'' zones over northern and southern Iraq, have been striking Iraqi military sites on an almost daily basis since late December.

The allies have said the airstrikes have been in response to Iraq firing at the planes or locking its radar systems on to them.

The zones were set up after the 1991 Gulf War to protect Kurdish rebels in the north and Shiite Muslims insurgents in the south.

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^Pipeline was hit by American aircraft, says Iraq<

^Eds: RECASTS with oil might flow in few days; CLARIFIES site of destruction not pumping but electrical station grafs 3, 15<

^AP Photo Planned<

^By JASSIM MOHAMMED=

^Associated Press Writer=

MOSUL, Iraq (AP) - Iraq could resume pumping oil in a few a days through the pipeline to Turkey whose installations were wrecked by a U.S. airstrike, an Iraqi oil executive said Monday.

Iraq was considering provisional measures that could get the oil flowing soon at a reduced rate, the director-general of Iraq's Northern Oil Company, Talal Ashur, said.

Ashur spoke to reporters while conducting reporters on a tour of the pipeline's communications center and adjoining power station that Iraq says U.S. aircraft attacked Sunday.

One person was killed in the attack Sunday and two were wounded, Iraqi officials said.

U.S. officials have confirmed that its warplanes attacked Iraqi military installations after aircraft patrolling the 'no-fly' zone over northern Iraq came under fire. But they denied the pipeline was hit.

In Turkey, an official for the state company that operates the pipeline from the Iraqi border to the southern Turkish port of Ceyhan confirmed that the flow had stopped. The official, speaking on condition of anonymity, said he was in the dark as to the cause of the stoppage.

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^Turkey, Iraq try to restart oil flow<

ANKARA, Turkey (AP) _ Energy Minister Ziya Aktas said prospects of resuming the pumping of oil through an Iraqi-Turkish pipeline remained unclear Tuesday.

Aktas said Iraqis informed Turkey that a second communications center was hit Monday by U.S. warplanes, enforcing a no-fly zone over northern Iraq.

"It is very hard to say when they can restart pumping," Aktas said.

The oil flow came to a halt Sunday when Iraqis claimed a separate communications center was destroyed by U.S. jets.

The Anatolia news agency said a delegation of Turkish technicians had traveled to a Turkish communications center at the Turkish town of Silopi on the Iraqi border to coordinate re-establishment of communication with the Iraqis.

U.S. Defense Secretary William Cohen confirmed Monday that a communications facility had been targeted, but said it was being used for military purposes. Iraq has denied using the communications center for military purposes.

U.S. and British planes, which patrol "no-fly" zones over northern and southern Iraq, have been striking Iraqi military sites on an almost daily basis since late December.

The zones were set up after the 1991 Gulf War to protect Kurdish rebels in the north and Shiite Muslim insurgents in the south.

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^Iraq says US planes cut oil pipeline to Turkey<

^Eds: UPDATES with Turkish officials differing on cause of interruption. Pick up 6th graf pvs<

^AP Photo BAG103<

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) - A U.S. airstrike has cut the Iraq-Turkey pipeline, halting the flow of crude oil, an Iraqi Oil Ministry official said Sunday, but the United States denied the allegation.

The line, which runs from the northern Iraqi field of Kirkuk to the south Turkish port of Ceyhan, was the only functioning pipeline in Iraq and one of two outlets for Iraqi oil exports.

The ministry's planning director, Faleh al-Khaiat, said U.S. planes hit a pumping station in northern Iraq, killing one Iraqi and seriously injuring two others.

"A criminal attack by the enemy today caused extensive damage to the station which controls the flow of oil through the Iraq-Turkey pipeline, stopping the flow," al-Khaiat said.

In Turkey, oil terminal officials and pipeline operators confirmed that the pipeline's flow had stopped.

A terminal official, who spoke on condition of anonymity, said an airstrike had hit "energy transmission lines of a communications center" which operates the pipeline. But an official for Botas, the state-run operators of the pipeline, said a "malfunction" at a power-feeding station caused the interruption, Turkey's semi-official Anatolia news agency reported.

^In Washington, 6th graf pvs<

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^Iraq says US planes have cut pipeline to Turkey, stopping flow

^EDS: UPDATES with Turkish official saying flow stopped because of malfunction grafs 4-6; EDITS to conform; no pickup<

^AP Photo BAG-103=

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ A U.S. airstrike has cut the Iraq-Turkey pipeline, halting the flow of crude oil, an Iraqi Oil Ministry official said Sunday.

The American planes hit a pumping station in northern Iraq, killing one Iraqi and wounding two others seriously, the ministry's director of planning, Faleh al-Khaiat, told a press conference.

The U.S. Defense Department denied the allegation.

But in Turkey, officials for both the Ceyhan oil terminal and the pipeline operators confirmed that the flow had stopped.

An airstrike hit "energy transmission lines of a communications center" which operates the pipeline, the terminal official said, speaking on condition of anonymity.

However, an official for Botas, the state-run operators of the pipeline, said the oil had stopped flowing because of a "malfunction" at a power-feeding station, the semi-official Anatolia news agency reported.

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"A criminal attack by the enemy today caused extensive damage to the station which controls the flow of oil through the Iraq-Turkey pipeline, stopping the flow," al-Khaiat said.

The pumping station, 40 kilometers (25 miles) west of Mosul, had been "bombed" in a deliberate attack by "American aircraft" at 2:45 p.m. local time (1145 GMT).

Al-Khaiat said that 56 percent of Iraq's oil exports flowed through the pipeline. The country is currently exporting 2.1 million barrels of oil a day under the oil-for-food program.

The program enables the Baghdad government to bypass the U.N. sanctions imposed after its 1990 invasion of Kuwait and sell oil on condition that the revenue is spent on food, medicine and humanitarian goods for Iraq's 22 million people.

"This attack exposes the lies of the American government officials that they are endeavoring to alleviate the hardship of the Iraqi people," al-Khaiat said.

Iraq was assessing the damage and how long it would take to repair the pipeline.

There was nothing to stop Iraq exporting oil from its other outlet, the Gulf terminal of Mina al-Bakr, al-Khaiat said.

Earlier Sunday, the U.S. fighters attacked Iraqi military installations after planes patrolling the "no-fly" zone over northern Iraq came under fire, a U.S. military official said in Stuttgart, Germany.

The targets included an Iraqi air defense headquarters, a radio relay site and a surface-to-air missile site, said Air Force Capt. Mike Blass, a spokesman for the U.S. European Command, which oversees the northern zone.

In Washington, U.S. Army Col. Richard Bridges, the Pentagon's director of defense information, said the pipeline was neither targeted nor hit.

"We have no indication that we hit anything other than what we intended to hit, which is elements of Iraq's integrated air defense system," Bridges said.

Al-Khaiat said: "There are no anti-aircraft facilities anywhere near the (pumping) station."

U.S. and British planes, which patrol "no-fly" zones over northern and southern Iraq, have been striking Iraqi military sites on an almost daily basis since late December. Iraq then began challenging the zones by firing at allied planes or locking its radar systems on to them.

The "no-fly zones" were set up after the 1991 Gulf War to protect Kurdish rebels in the north and Shiite Muslims insurgents in the south.

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^Iraq says US planes cut oil pipeline to Turkey<

^Eds: INSERTS U.S. denial of pipeline attack grafs 3, 17-18; no pickup<

^AP Photo BAG103<

^By WAIEL FALEH=

^Associated Press Writer=

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The program enables the Baghdad government to bypass the U.N. sanctions imposed after its 1990 invasion of Kuwait and sell oil to buy food, medicine and humanitarian goods for its 22 million people.

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The targets included an Iraqi air defense headquarters, a radio relay site and a surface-to-air missile site.

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The "no-fly zones" were set up after the 1991 Gulf War to protect Kurdish rebels in the north and Shiite Muslims insurgents in the south.

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^Iraq says US planes have cut pipeline to Turkey, stopping flow

^EDS: INSERTS U.S. denial of pipeline attack grafs 3, 17-18; no pickup<

^AP Photo BAG-103=

^By WAIEL FALEH=

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^Iraq says US planes have cut pipeline to Turkey, stopping flow

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graf 4, INSERTS Iraqi time for attack graf 8; no pickup<

^AP Photo BAG-103=

^By WAIEL FALEH=

^Associated Press Writer=

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In Turkey, an official at Ceyhan oil terminal confirmed that the flow had stopped.

The U.S. military made no immediate comment on the allegation. Earlier Sunday U.S. military officials said their planes hit Iraqi air defense targets Sunday, but said nothing about a pipeline.

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^Iraq says US planes have cut pipeline to Turkey, stopping flow

^EDS: INSERTS new quotes from Turkish official: no pickup<

^AP Photo BAG-103=

^By WAIEL FALEH=

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Blass said nothing about an attack on a pipeline.

There was no immediate response from the U.S. military about a strike on the pipeline.

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^URGENT<

^Iraq says US planes have cut pipeline to Turkey, stopping flow

^EDS: INSERTS Turkish confirmation that oil flow stopped; ADDS

pyline, photo number; no pickup<

^AP Photo BAG-103=

^By WAIEL FALEH=

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Earlier Sunday, the U.S. fighters attacked Iraqi military installations after planes patrolling the "no-fly" zone over northern Iraq came under fire, a U.S. military official said.

The targets included an Iraqi air defense headquarters, a radio relay site and a surface-to-air missile site, said Air Force Capt. Mike Blass, a spokesman for the U.S. European Command, which oversees the northern zone, in Stuttgart, Germany.

Blass said nothing about an attack on a pipeline.

There was no immediate response from the U.S. military about a strike on the pipeline.

U.S. and British planes, which patrol "no-fly" zones over northern and southern Iraq, have been striking Iraqi military sites on an almost daily basis since late December. Iraq then began challenging the zones by firing at allied planes or locking its radar systems on to them.

The "no-fly zones" were set up after the 1991 Gulf War to protect Kurdish rebels in the north and Shiite Muslims insurgents in the south.

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^Precede ANKARA, Turkey<

^U.S. pilots report recent 'close calls' over Iraq<

^Eds: UPDATES throughout with Pentagon briefing; ADDS byline.<

^By ROBERT BURNS=

^AP Military Writer=

WASHINGTON (AP) _ American pilots patrolling ``no-fly'' zones over Iraq have reported ``a couple of close calls'' with anti-aircraft fire in recent days, the Pentagon said Tuesday.

``We think that's just dumb luck'' on the part of Iraqi anti-aircraft gunners rather than intensified resistance to U.S. and British air patrols, Pentagon spokesman P.J. Crowley said.

The Iraqis have been trying for months to hit a U.S. or British warplane enforcing the flight-interdiction zones, which are meant to protect minority Shiites in southern Iraq and Kurds in the north. Iraq considers the patrols violations of its sovereignty and has offered a financial reward for the capture of a pilot.

Crowley did not say where the close encounters occurred, but he said no planes were hit with anti-aircraft fire. He said he could not discuss it further without jeopardizing pilot safety.

Iraq has moved much of its most effective anti-aircraft weaponry and radars out of the northern and southern zones to shield them from attack. As a result, their gunners have been using a relatively crude approach _ ``ready, aim, fire, just trying to put as much flak up in the sky in hopes of a one-in-a-million shot,'' Crowley said.

In the latest of what have become almost daily occurrences, U.S. planes drew artillery fire during patrols Tuesday over northern Iraq. They responded by bombing an Iraqi air defense system near the town of Bashiqa, about 250 miles (400 kilometers) north of Baghdad, the U.S. European Command reported.

U.S. jets bombed the same area Monday after coming under Iraqi fire.

The Iraqi News Agency charged that ``evil U.S. and British warplanes'' struck ``residential areas and service installations'' in Tuesday's attack. It was not clear if there were any casualties or damage.

U.S. and British planes have been patrolling ``no-fly'' zones over northern and southern Iraq since shortly after the 1991 Persian Gulf War. Iraq's resistance stiffened after a four-day bombing assault by U.S. and British planes last December.

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^Iraq pumps dlrs 10 million of oil to Turkey in quake aid<

^By WAHEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Iraq has completed pumping of 500,000 barrels of crude oil to Turkey _ a gift worth dlrs 10 million offered as aid for earthquake victims.

Pumping finished Thursday, according to an Oil Ministry statement published Friday in the state-run al-Thawra daily newspaper.

''Iraq is offering oil to Turkey because it does not have foreign cash and relief commodities as a result of the unfair embargo imposed on it,'' the official Iraqi News Agency quoted an Iraqi Red Crescent official as saying. Harsh U.N. sanctions imposed after Iraq's 1990 invasion of Kuwait have devastated the country's economy.

The Iraqi oil was pumped to storage tanks at Turkey's Mediterranean port terminal of Ceyhan, the Oil Ministry statement said, adding that ''the whole quantity, worth dlrs 10 millions, was delivered.''

Turkey confirmed Friday that it had received the 500,000 barrels of crude oil from Iraq. The crude was to be processed into petroleum products, which would be sold. Proceeds were to be used to aid survivors of the Aug. 17 magnitude-7.4 quake that killed at least 14,691 people and left a half-million others without adequate housing.

Iraqi President Saddam Hussein has said Iraq will donate more quake aid than the United States, a NATO ally of Turkey, to show that it stands by friends and neighbors during crises. U.S. officials have said dlrs 10 million will be a bit short, maintaining the United States has donated dlrs 10.6 millions.

Haldun Otman, a Turkish Foreign Ministry spokesman, said Friday in Ankara that the government was sending thank-you letters to ambassadors of all countries that have provided aid, including Iraq.

Iraq has the right to export dlrs 5.2 billion worth of oil each six months under a U.N. program begun in 1996 that allows the government to buy humanitarian goods to soften the impact of the economic sanctions on ordinary Iraqis.

In a meeting last week, the U.N. sanctions committee decided to approve the oil donation to Turkey on humanitarian grounds, making clear it was a one-time move.

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^BC-Iraq-Gasoline Smuggling

^Iraq clamps down on smugglers of gasoline<

^By LEON BARKHO=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ The Iraqi authorities have mounted a nationwide crackdown on smugglers of gasoline, slapping stiff penalties on violators, including a minimum prison term of ten years.

The measures, which authorities began enforcing Wednesday, are bound to discourage a lucrative contraband trade in gasoline to neighboring countries where prices are considerably higher.

But they still leave the door open for illegal trade in other products, like gas oil, kerosene, diesel fuel and crude oil.

In addition to the prison terms, vehicles involved in the smuggling of gasoline will be confiscated and sold at auction with half the price going to state coffers and the other half to those enforcing the measures.

The Iraqi government has twice raised gasoline prices this year to curb smuggling. But the hikes seem to have had little effect.

Last month, Iraq's Revolutionary Command Council passed a law making the smuggling of gasoline tantamount to economic sabotage, an offense which could entail the death sentence.

Hardest hit will be Iraqi and Jordanian drivers who usually annex additional tanks to their cars and fill at Iraqi petrol stations for sale in Jordan. Also affected will be thousands of Turkish trucks, which are no longer allowed to fill their huge additional tanks with gasoline.

Oil Minister Amer Mohammed Rashid said in a news conference on Tuesday that foreigners were not exempt.

U.S. and British diplomats have repeatedly accused Baghdad of shipping huge amounts of oil and products outside the frame of the U.N.-approved oil deal allowing Iraq exports of dlrs 5.2 billion every six months.

But Rashid said the government's decision was not in response to the accusations, which he denied. He said a liter of gasoline costs his ministry up to 300 Iraqi dinars (15 cents) while a liter of the highest quality gasoline in Iraq costs 40 dinars (2 cents).

The sanctions imposed on Iraq for invading Kuwait in 1990 bar oil exports apart from those shipped under its oil deal with the United Nations.

No figures are available on amounts of crude and products leaving Iraq every day outside the oil deal. Western diplomats estimate that Baghdad makes up to dlrs 200 million a month from the illegal trade, a claim the government vehemently denies.

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^Kurdish rebels claim credit for Iraq-Turkey pipeline blast<

ANKARA, Turkey (AP) _ Kurdish rebels fighting for autonomy in Turkey's southeast claimed responsibility Tuesday for a blast that seriously damaged the oil pipeline linking Iraq to Turkey.

The rebels of the Kurdistan Workers Party (PKK) said they sabotaged the pipeline to mark the Kurdish new year celebrated Sunday. Their statement was carried by the Germany-based Kurdish news agency DEM.

The oil flow was halted for over 24 hours, resuming Monday after Turkey diverted the oil from the damaged pipeline to a smaller parallel one _ thus reducing the oil flow.

The blast occurred near the town of Midyat in the southeastern Turkish province of Mardin.

The PKK has in the past targeted the pipeline.

The rebels have vowed to step up attacks against Turkey since the capture of their leader Abdullah Ocalan by Turkish forces last month.

About half the oil Iraq exports flows through the pipeline, or a total of about a million barrels a day. Iraq has been barred from exporting oil freely since U.N. sanctions were imposed in 1990 to punish Iraq for invading Kuwait.

The line was briefly put out of commission earlier this month when U.S. jets patrolling the ``no-fly'' zone over northern Iraq hit a communications center that controlled the flow of the pipeline's oil.

(ht/vls)

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^Ministry say oil flow resumes via Iraq-Turkey pipeline<
^Eds: UPDATES in grafs 10-11 with U.N. comment.<
^By LEON BARKHO=
^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Iraq resumed pumping oil through its pipeline via Turkey on Monday after a halt of more than 24 hours, and official at the Oil Ministry said.

An explosion damaged the line inside Turkey on Sunday and ignited a fire.

Turkish authorities have not ruled out sabotage as the cause of the explosion. Kurdish rebels fighting for autonomy in southeastern Turkey have targeted the pipeline in the past.

The Iraqi official said pumping was resumed at a normal rate Monday night. He spoke on customary condition of anonymity.

The line had been damaged at Midyat in the southeastern Turkish province of Mardin.

Earlier Monday, another Iraqi Oil Ministry official said that both Iraqi and Turkish technicians were looking for ways to bypass the damage to the pipeline.

About half the oil Iraq exports flows through the pipeline, or a total of about a million barrels a day. The rest goes via ships from Iraq's southern Bakr port.

Iraq has been barred from exporting oil freely since U.N. sanctions were imposed in 1990 to punish Iraq for invading Kuwait.

Under a U.N.-approved oil-for-food program, Iraq can sell dlrs 5.2 billion worth of oil every six months to buy food, medicine and other humanitarian goods for its 22 million people.

In New York, John Mills, spokesman for the oil-for-food program, said pumping resumed after Turkey diverted the oil from the damaged pipeline to a smaller one, which has a 100-centimeter (40-inch) diameter.

He said repairs on the larger line are under way.

The line was briefly put out of commission earlier this month when U.S. jets patrolling the 'no-fly' zone over northern Iraq hit a communications center that controlled the flow of the pipeline's oil.

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^Ministry say oil flow resumes via Iraq-Turkey pipeline<
^Eds: UPDATES throughout with pumping resuming, CHANGES overline.<
^By LEON BARKHO=
^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Iraq resumed pumping oil through its pipeline via Turkey on Monday after a halt of more than 24 hours, and official at the Oil Ministry said.

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^Iraq: Oil pumping via Turkey, halted by explosion, may resume<

^By LEON BARKHO=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Pumping through the twin pipeline via Turkey could resume Monday, an Iraqi Oil Ministry official said the day after an explosion damaged the line in southeastern Turkey.

The official, speaking on customary condition of anonymity, confirmed that the flow of oil to the southern Turkish terminal of Ceyhan has been halted since Sunday. Turkish and Iraqi experts were in touch to work out a solution, the official said.

''An alternative has been found, and it is very likely that the pipeline will go into operation today,'' the official said.

Under a U.N.-approved ''oil-for-food'' deal, which allows Iraq to sell a limited amount of oil to purchase humanitarian goods, Iraq is compelled to ship the bulk of its exports through Turkey.

The pipeline's capacity is 1.2 million barrels per day. Iraq usually pumps nearly 1 million barrels per day through it _ about half of its daily output.

Iraq has been barred from exporting oil freely since U.N. sanctions were imposed in 1990 after Iraq invaded neighboring Kuwait. Although permitted to sell dlrs 5.2 billion worth of oil over six months, revenue has been far less because of Iraq's damaged oil infrastructure and depressed world oil prices.

Turkish authorities have not ruled out sabotage as the cause of the explosion. Kurdish rebels fighting for autonomy in southeastern Turkey have targeted the pipeline in the past.

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^Explosion on Iraq-Turkey pipeline stops oil flow<

^EDS: CORRECTS fire under control, not extinguished<

ANKARA, Turkey (AP) _ An explosion damaged the oil pipeline linking Iraq to Turkey on Sunday, cutting the oil flow, a pipeline official said.

The cause of the blast was unknown, said the official, speaking on condition of anonymity from the site of the explosion in Midyat, in the southeastern province of Mardin.

The blast caused a fire that was still burning, although firefighters had stopped it from spreading, Mardin Gov. Fikret Guven said.

It was not clear when the flow of oil could resume, said Guven. The damage seemed minor, but its extent would be assessed Monday, he added.

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^BC-Turkey-Pipeline<

^Explosion on Iraq-Turkey pipeline stops oil flow<

ANKARA, Turkey (AP) _ An explosion damaged part of the oil pipeline linking Iraq to Turkey on Sunday, cutting the oil flow, a pipeline official said.

The cause of the blast was unknown, said the official, speaking on customary condition of anonymity from the site of the explosion in Midyat in the southeastern province of Mardin.

Workers extinguished a fire caused by the blast. It was not clear when the flow of oil could resume through the pipeline; Mardin Gov. Fikret Guven called damage light.

About half the oil Iraq exports flows through the pipeline _ 1 million barrels a day.

Guven said authorities were not ruling out the possibility of sabotage.

Kurdish rebels fighting for autonomy in southeast Turkey have targeted the pipeline in the past.

Oil transport between Iraq and Turkey resumed earlier this month after U.S. warplanes attacked the Iraqi communications centers that controlled the flow of the pipeline's oil.

Iraq has been barred from exporting oil freely since U.N. sanctions were imposed in 1990 to punish Iraq for invading Kuwait. Under a U.N. oil-for-food program, Iraq can sell dlrs 5.2 billion worth of oil over six months to buy food, medicine and other humanitarian goods.

(ht-ek)

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233 87 cai ank

^BC-UN-Iraq-Pipeline,0676<

^Russia and China criticize no-fly zones, China says illegal<

^Eds: RECAPS previous to UPDATE with Turkish president uncomfortable with pipeline problem.<

^By NICOLE WINFIELD=

^Associated Press Writer=

UNITED NATIONS (AP) _ Iraq has resumed pumping oil through a key pipeline to Turkey that had been put out of commission by what Iraq said was a U.S. airstrike on Sunday, U.N. officials said.

U.N. oil consultants from the Dutch firm Saybolt, who monitor the flow of oil into Turkey, reported that Iraqi exports resumed at 12:58 a.m. Thursday local time (2158 GMT Wednesday), said a statement from the U.N. oil-for-food program.

U.N. officials had expressed "deep concern" about the strikes on the pipeline communication centers and their impact on the program, which lets Iraq sell limited amounts of oil to buy food and medicine for Iraqis suffering under U.N. sanctions.

Low oil prices and the dilapidated state of Iraq's oil industry have already resulted in a dlrs 900 million shortfall in what the United Nations needs to run the program, the program has said.

On Wednesday, the head of the program, Benon Sevan, told the Security Council that if the pipeline resumed functioning within a day, there would be only "minimal delays" in exporting the oil out of the Turkish port Ceyhan.

There had been enough oil stored at the port _ 2.38 million barrels _ to keep ships carrying their normal loads, he said.

The United Nations didn't say how Iraqi engineers restored the pipeline. But Sevan had said earlier that Saybolt monitors had observed Iraqi technicians at work trying to restore the damaged communications links.

Iraq has been barred from exporting oil freely since U.N. sanctions were imposed in 1990 to punish Iraq for invading Kuwait. Under the oil-for-food program, Iraq can sell dlrs 5.2 billion over six months.

About half the oil Iraq exports flows through the pipeline.

In the council meeting Wednesday, the United States and Britain defended themselves against criticism of the Sunday strike and another one Monday.

Deputy U.S. Ambassador Nancy Soderberg said the U.S. pilots were only acting in self-defense as they patrolled the no-fly zones, which Washington and its allies established after the 1991 Gulf War to protect minority Kurds in northern Iraq and Shiites in the south from Saddam Hussein's army.

Washington argues that the no-fly zones are justified under Security Council resolutions that call for the protection of minorities in Iraq.

"Within the region, our pilots have been increasingly targeted," Soderberg said. "We are taking measures in defense of ourselves to protect our pilots."

Russia and China, however, say the council has never explicitly authorized the no-fly zones and say the patrols violate Iraq's sovereignty. On Wednesday, they repeated their claims that the flights are illegal, diplomats said.

In addition, council member Malaysia expressed concern about the intensification of the strikes, and France and Bahrain expressed concern about the humanitarian consequences, diplomats said, speaking on condition of anonymity.

"Everybody's concerned about the human dimension of the issue," Sevan told reporters. "When you hit, people get hurt. It's not just objects which are hurt."

In Turkey, President Suleyman Demirel indicated Wednesday that the government was uneasy over the two communication centers being hit by U.S. planes taking off from the southern Turkish airbase of Incirlik.

Asked by reporters if the attacks were "acceptable for Turkey," Demirel replied: "No." He did not elaborate.

In a letter to the council, Iraqi Foreign Minister Mohammed Saeed al-Sahhaf urged the council halt the aggression aimed at destroying Iraq's oil export capabilities.

"The series of savage American military aggressive acts against Iraqi oil facilities prove the ill intentions of the aggressive American acts to inflict the severest losses on the Iraqi people," he wrote.

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^Turkey says standoff with Iraq adds to its economic losses<

ANKARA, Turkey (AP) — Turkey on Thursday urged all sides involved in the Iraqi crisis to work toward ending the standoff, saying U.S. airstrikes that temporarily halted the flow of oil through a pipeline had added to Turkey's losses.

Iraq resumed pumping oil to Turkey through the pipeline late Wednesday after a three-day interruption when airstrikes on Sunday and Monday damaged two communications center that control the oil flow.

“The continuation of the tension has caused serious damages to Turkey and with every passing day, the proportion of the damages is growing,” Foreign Ministry Deputy Spokesman Sermet Atacanli told reporters.

“A solution has to be found for this wound which has been bleeding since 1990,” he said.

Turkey estimates that it has incurred more than dlr 30 billion in losses since trade sanctions were imposed on its trading partner Iraq, following its invasion of Kuwait in 1990.

Iraq has been allowed to export a limited amount of oil under the United Nation's oil-for-food program, to buy food, medicine and other humanitarian goods. About half the oil Iraq exports flow through the pipeline from Kirkuk in Iraq to Turkey's Mediterranean coast.

President Suleyman Demirel indicated Wednesday that Ankara is uneasy about the strikes on the communication centers.

Asked by reporters Wednesday if the attacks were “acceptable for Turkey,” Demirel replied: “No.” He did not elaborate.

The U.S. planes are patrolling a no-fly zone over northern Iraq from a southern Turkish airbase. The planes have hit Iraqi targets almost daily since mid-December.

(sf/vls)

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^U.S. airstrikes stop flow of oil to Turkey indefinitely

^Eds: AMs; UPDATES with Saddam Hussein's meeting with oil minister, army officers; U.S. remains firm on no-fly zones<

^By LEON BARKHO=

^Associated Press Writer=

AIN ZALA, Iraq (AP) _ About half of Iraq's oil exports are in jeopardy after U.S. warplanes hit two communications centers that controlled the flow of oil through a key pipeline, an Iraqi official said Tuesday.

The damage from the strikes Sunday and Monday is so extensive that it will take a 'long time' to resume pumping oil through the pipeline to Turkey, Hussein al-Fattal, head of operations for Iraq's Northern Oil Company, said.

Officials tried to pump oil on Monday but failed, al-Fattal said. 'We tried ... but we lost communications and control,' he said.

The pipeline carried about half of Iraq's oil exports, the economic lifeblood.

Iraqi oil exports were banned under U.N. sanctions imposed in 1990 after its invasion of Kuwait but limited sales were resumed under a U.N. program that started in December 1996. Iraq is now allowed to sell oil every six months to finance its food and humanitarian purchases.

In the current six-month phase, Iraq may sell dlrs 5.2 billion worth oil, or about 2.1 million barrels a day. However, the dilapidated state of its oil industry has made it difficult to reach that target.

The latest airstrikes worsened the situation.

On Monday, bombs hit the Ain Zala communications center, 475 kilometers (300 miles) north of Baghdad, killing an operator and wounding several people, al-Fattal said.

One more person was killed and two were wounded in Sunday's strike on another facility, 115 kilometers (70 miles) south of Ain Zala, officials said.

Al-Fattal said the Ain Zala center functioned as an oil relay station, carrying signals between Iraq and Turkey, and was used to maintain contact between branches of the company in the area.

Iraqi officials, who escorted journalists to see the damage, displayed a metal container about a half-meter (yard) -long that they said was part of the two bombs to hit the center Monday. Metal scraps and debris from electricity poles and wires littered the area.

Al-Fattal estimated the damage has cost Iraq at least dlrs 2.5 million.

On Tuesday, President Saddam Hussein met with Oil Minister Amer Mohammed Rashid and the chief of the military industrialization commission as well as the commander of the air defense units, the official Iraqi News Agency said. It did not elaborate.

U.S. and British planes have been striking Iraqi targets almost daily since late December. The allies say they are responding to Iraqi threats to its planes.

Al-Fattal and other Iraqi officials have denied the two centers hit ever were used for military purposes.

In Washington, White House spokesman David Leavy said Tuesday that American pilots are 'targeting ... what they deem threatens their ability to carry out the mission.'

The American planes are patrolling the 'no-fly' zones over northern and southern Iraq, which were set up to ensure that Iraqi forces do not target Kurdish rebels in the north and Shiite opposition in the south.

Iraq does not recognize the 'no-fly' zones and treats American patrol planes as invaders.

^prvs/vj<

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Iraq-Pipeline, 3rd Ld-Writethru<

Pipeline was hit by American aircraft, says Iraq<

Eds: UPDATES with US admission it hit a communications center that may be linked to pipeline grafts 5-7; EDITS to conform; no pickup<

AP Photo Planned<

By JASSIM MOHAMMED=

Associated Press Writer=

MOSUL, Iraq (AP) — Iraq could resume pumping oil in a few a days through the pipeline to Turkey whose installations were wrecked by a U.S. airstrike, an Iraqi oil executive said Monday.

Iraq was considering provisional measures that could get the oil flowing soon at a reduced rate, the director-general of Iraq's Northern Oil Company, Talal Ashur, said.

Ashur spoke to reporters while conducting reporters on a tour of the pipeline's communications center and adjoining power station that Iraq says U.S. aircraft attacked Sunday.

One person was killed in the attack Sunday and two were wounded, Iraqi officials said.

In Washington, U.S. Defense Secretary William Cohen overrode earlier U.S. denials of involvement by saying that American planes may have hit the site 40 kilometers (25 miles) west of Mosul.

"We did in fact target a communications facility which may, or may not, have interrupted the flow of oil going to Turkey, but we believe the target itself was one that was used for communications purposes to their military," Cohen said.

U.S. military officials had earlier said their planes attacked Iraqi air defense and communications sites after aircraft patrolling the "no-fly" zone over northern Iraq came under fire. The officials denied that the pipeline or a pumping station was hit.

In Turkey, an official for the state company that operates the Turkish section of the pipeline confirmed that the flow had stopped. The official, speaking on condition of anonymity, said he was in the dark as to the cause of the stoppage.

U.N. officials in Baghdad also confirmed the interruption, but would not speculate on the cause.

The 1,000 kilometer (625 mile) line from the northern Iraqi field of Kirkuk to the southern Turkish port of Ceyhan is the only functioning pipeline in Iraq. It is also one of only two outlets for oil exports. The other is the Gulf terminal of Mina al-Bakr.

"This strike has practically halted the export of crude oil (via Turkey)," Ashur told reporters.

Scraps of metal and communications antennas littered the site. There were small craters in the ground, and the power station was blackened by fire.

Reporters did not see any traces of U.S. weapons. The officials guarding the site did not produce any shrapnel from a bomb or remains of a missile.

Asked if the communications center was ever used for military purposes, Ashur said: "Never. You can verify this from the Turkish side."

Ashur said that to completely restore the communications center and power station, "we need four weeks" and foreign assistance.

But he was looking at a number of "compromise or temporary solutions" to get a reduced amount of oil flowing "in a few days," he said.

A statement issued by the Turkish operating firm, Botas, said the flow could resume "within two days after the necessary energy is provided to the station."

Referring to the loading of Iraqi oil on to tankers at Ceyhan port, the statement said: "If the problem is solved within two days as told by the Iraqis, there will be no problem."

The tour corrected the statement by Iraqi oil officials Sunday that a pumping station had been destroyed. But Ashur said the pipeline could not function normally without the communications center, which relays instructions from Kirkuk to the pumping stations and Ceyhan.

Officials have said 56 percent of Iraq's oil exports flow through the pipeline. The country is exporting 2.1 million barrels a day under the oil-for-food program, which provides an exemption to the U.N. sanctions imposed after Iraq's 1990 invasion of Kuwait.

The program enables the Iraqi government to sell oil on condition that the revenue is spent on food, medicine and humanitarian goods for the country's 22 million people.

U.N. monitors who oversee the program were examining damage to the pipeline, said Onukaba Ojo, a U.N. spokesman in Baghdad.

U.S. and British planes, which patrol "no-fly" zones over northern and southern Iraq, have been striking Iraqi military sites on an almost daily basis since late December.

The allies have said the airstrikes have been in response to Iraq firing at the planes or locking its radar systems on to them.

The zones were set up after the 1991 Gulf War to protect Kurdish rebels in the north and Shiite Muslims insurgents in the south.

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^BC-Iraq-UN, 1st Ld-Writethru

^Iraq warns it will retaliate for neighbors' aggressions, says Aziz<

^Eds: ADDS Aziz reaction to US cutting from UN Human Rights

Commission grafs 11-13.<

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ Iraq has asked the United Nations if it has the right to retaliate against military aggressions from neighboring countries, the government's official al-Jumhuriya daily reported Saturday.

"Does Iraq have the right to use the same means in attacking outlawed groups based in neighboring countries (that are) used in attacking Iraq?" Deputy Prime Minister Tariq Aziz asked United Nations Secretary-General Kofi Annan.

Aziz's letter was delivered to the U.N.'s New York headquarters and published in al-Jumhuriya.

Iraq did not name the neighboring countries in its letter, but identified Iran and Turkey in a list it also sent detailing violations and attacks against Iraq.

The letter also accused the United States and Britain of funding and arming outlawed groups in Iraq to destabilize internal security and threaten national unity.

Iraq has previously complained of daily allied warplane patrols taking off from Kuwait and Saudi Arabia, holding the two countries responsible for damages and casualties.

Aziz said the destruction of Iraq's defensive power and the ban from rebuilding its defense capabilities "encouraged regional and out-of-region parties to commit armed aggressions against Iraq."

The letter criticized the U.N. Security Council's silence and its double standards in dealing with the Iraqi issue. This policy endangered regional security and stability, Aziz said.

Iraq has been exposed to direct military acts from Turkey and Iran. Turkey claims to chase fighters of the rebel Kurdistan Workers Party (the PKK) into areas of Kurdish-controlled northern Iraq, while Iran conducts operations against opposition groups based in Iraq, particularly the Mujahedeen Khalq.

U.S. and British jets patrol no-fly zones in northern and southern Iraq to protect Kurdish and Shiite groups against Iraqi government forces. Baghdad has challenged the patrols' legitimacy since late 1998, saying the zones violate its sovereignty and international law.

Also on Saturday, Aziz celebrated the failure of the United States to win a seat on the United Nations Human Rights Commission.

In a secret vote Thursday by the U.N.'s Economic and Social Council _ which elects the commission _ France, Sweden and Austria were chosen for the three seats allocated to Western countries. The United States came in fourth in the vote, losing the seat it has held since the panel was formed in 1947.

"That is a very good decision because the United States is a big liar when it talks about human rights," Aziz told reporters in Baghdad.

(wf-pg)

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^Iraq to increase its oil exporting capacity through Turkey<

^Eds: CLARIFIES barrel per day figure in graf 4.<

BAGHDAD, Iraq (AP) _ Iraq will be able to reach its full oil exporting capacity through Turkey by the end of 2001 through rehabilitation of the Iraqi-Turkish pipeline, reported the Iraqi News Agency Thursday.

Rafid Abdul-Halim, general director of Iraq's Northern Oil Company, told the agency Thursday that, "Iraq has received equipment including the electric pumps and pressers needed for rehabilitating the second oil pumping station of the Iraqi-Turkish pipeline."

The U.N oil-for-food program allows Iraq to sell oil to buy food, medicines and other humanitarian needs for its people. The United Nations has enforced sanctions on Baghdad since its 1990 invasion of Kuwait.

Iraq's full exporting capacity through the Iraqi-Turkish pipeline is 1.6 million barrels per day, while current throughput is about 1 million barrels per day.

The station, located south of Mosul city in northern Iraq, was badly damaged during the 1991 Gulf War.

The pipeline runs from Iraq's northern Kirkuk oil fields to the Turkish port of Ceyhan. It was closed in 1990 and reopened in December 1996 under the oil-for-food deal.

(sny-pg)

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^BC-Iraq-Oil

^Iraq to increase its oil exporting capacity through Turkey<

^Eds: NEW to some points.<

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The pipeline runs from Iraq's northern Kirkuk oil fields to the Turkish port of Ceyhan. It was closed in 1990 and reopened in December 1996 under the oil-for-food deal.

(sny-pg)

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^Iraq to increase its oil exporting capacity through Turkey<

^Eds: REFINES oil capacity to just Iraqi-Turkish pipeline in graf 4.<

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^Iraq resumes oil pumping to Turkey<

ANKARA, Turkey (AP) _ Iraq resumed pumping crude oil into an Iraqi-Turkish pipeline on Sunday, after a day-long halt, head of state-run pipeline company official said.

Iraq restarted pumping oil at 8 a.m. (0500 GMT), said Gokhan Yardim, head of the state-run pipeline company BOTAS. Iraq had stopped the pumping early Saturday, citing a drop in its oil production and stocks as the reason.

But the resume of the oil flow is expected to be temporary, as Baghdad announced Saturday that it would halt oil exports from terminals on the Gulf and Mediterranean starting Monday.

The pipeline, which runs from the Iraqi oil fields in Kirkuk to the Turkey's Mediterranean port terminal at Ceyhan, has been pumping limited oil under an oil-for-food deal to let Iraq make enough money to buy much-needed food and medicine.

Iraq's decision to halt exports follows the U.N. Security Council's decision Friday to extend by one month the oil-for-food program. The extension is designed allow the United States and Britain more time to get backing for their so-called smart sanctions proposal which would ban some military-related items from entering Iraq.

Baghdad's ruling party newspaper, Al-Thawra, said Sunday that Iraq can live without the oil-for-food deal and will take measures against countries that accept the smart sanctions proposal.

Iraq has warned neighbors Jordan, Syria and Turkey that it would halt oil supplies to them if they accepted the sanctions proposal.

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^U.S. jets bomb Iraqi military installations in no-fly zone<

^Eds: UPDATES with Iraq claiming that civil properties were hit<

ANKARA, Turkey (AP) - U.S. jets bombed air defense sites in northern Iraq on Tuesday after Iraqi gunners opened fire on the aircraft, the U.S. military said.

U.S. warplanes were fired on from sites northeast of Mosul, 400 kilometers (250 miles) north of Baghdad, the Germany-based U.S. European Command said

Iraq claimed that the planes attacked civil properties.

"The warplanes bombed on our service and civil properties. Our heroic missiles confronted the enemy warplanes, forcing them to leave our skies," the official Iraqi News Agency quoted a military spokesman as saying.

All planes returned safely to Incirlik air base in southern Turkey.

The United States has been enforcing no-fly zones over northern and southern Iraq since the end of the Gulf War in 1991.

Iraq regards the zones violations of its territorial sovereignty and has been challenging the patrols since December 1998.

(sh-bag)

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^Turkish police detain man for stealing oil from pipeline(

ANKARA, Turkey (AP) _ Police detained a man Saturday suspected siphoning 119 barrels of Iraqi crude oil from a Turkish pipeline to sell to a gas station, the Anatolia news agency reported.

The man allegedly drilled a hole in the state-owned pipeline linking Iraqi oil fields to the Turkish Mediterranean port of Ceyhan. Police arrested him in the town of Nizip, some 170 kilometers (100 miles) east of Ceyhan.

Police officials were not available for comment.

Iraq exports oil to Turkey in exchange for humanitarian aid as part of United Nations' oil-for-food program to alleviate suffering in light of the U.N. sanctions banning trade with Baghdad.

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^BC-Iraq-Turkey

^Turkey sends first train to Iraq in 20 years<

^By WAIEL FALEH=

^Associated Press Writer=

BAGHDAD, Iraq (AP) _ The first train from Turkey in more than 20 years arrived in Baghdad Sunday.

The train, carrying freight and 26 passengers, left the southern Turkish town of Mardin on Saturday. It crossed through Syria and then stopped in the northern Iraqi city of Mosul before heading to Baghdad.

Railroad services between Turkey and Iraq stopped days after the eruption of the 1980-88 Iraq-Iran war.

"We have accomplished our goal and resumed train services," said Vedat Bilgin, director general of the Turkish Railroad Establishment. "Our next goal is to resume flight services."

The official Iraqi News Agency said Turkey plans to resume regular train service to Iraq, but it did not say when.

The train arrived a day before the opening of a Turkish trade fair in Baghdad. More than 150 delegations representing Turkish companies are expected to take part in the fair. Kursat Tuzmen, Turkey's foreign trade adviser, is already in Iraq for Monday's opening.

Ankara's ties with Baghdad have improved since the 1991 Gulf War in which Turkey took part in the U.S.-led multinational force that drove Iraqi troops out of Kuwait.

A new Turkish ambassador presented his credentials on Jan. 19, upgrading the level of diplomatic relations between the two countries.

Unlike trade ties, political relations are undermined by daily patrols conducted by U.S. and British warplanes to enforce the northern no-fly zone, which was established to protect Kurds from the Baghdad government.

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^BC-Iraq-Oil

^Traders, analysts say U.N. pricing dampening desire for Iraqi oil, but that Iraq tries to manipulate prices

^By TAREK AL-ISSAWI=

^Associated Press Writer=

DUBAI, United Arab Emirates (AP) _ Baghdad blames the United Nations for a pricing policy that is discouraging traders from buying Iraqi oil, but industry observers say Iraq is also responsible because of its attempts to manipulate prices.

"The U.N. does not determine the price. The Iraqis do," Rasih Erbas, deputy head of a Turkish fuel dealers group, told The Associated Press Tuesday.

A U.N. Security Council committee monitoring the sanctions _ imposed to punish Iraq for its 1990 invasion of Kuwait _ approves prices for Iraqi oil retroactively at the end of each month. The United States and Britain have pushed the policy to prevent Iraq from taking advantage of market fluctuations to impose an illegal surcharge on its oil customers.

"Naturally, the Iraqis take a cut from the sales, up to 30 U.S. cents per barrel," an oil dealer based in the United Arab Emirates told The Associated Press Wednesday on condition of anonymity. The U.N. retroactive pricing system "is an attempt to pressure Iraq to give up that policy."

The dealer said traders were shying away from Iraqi oil.

The retroactive pricing policy has been in place for months, but observers say Britain and the United States have been applying it more rigorously recently. Iraq has, in turn, stepped up criticism, saying its U.N.-monitored oil sales, which ran at about 1.5 million barrels per day in the second half of May, could drop sharply in June due to the retroactive policy.

"Not all buyers can buy and resell oil without knowing its price," Iraqi Oil Minister Amer Mohammed Rashid told Iraqi television over the weekend.

Iraqi Oil Ministry officials contacted by The Associated Press this week did not give figures to illustrate how Iraq's exports may have been affected by the pricing policy.

There were reports this week that Iraqi exports had come to a halt, either because buyers had disappeared or because Iraq was trying to pressure the buyers. But Wednesday, a tanker named the Olympic Breeze arrived at Turkey's Ceyhan terminal Wednesday and was waiting offshore to load 2 million barrels of Iraqi crude, traders said.

"The Iraqi claims are not true," said Erbas, deputy head of the Turkish Union of Employers of Fuel Oil Dealers and Petroleum and Gasoline Companies.

James Reeve, an Economist Intelligence Unit analyst in London, said the decline in customers was being felt at Ceyhan, from where Iraqi exports head to Europe. He did not have figures.

"Exports from the Gulf port of Mina al-Baker, which mainly head to the U.S. and the Far East, have been largely unaffected. This is because by the time a cargo reaches the U.S. (around 20 days), the U.N.-approved pricing formula will be known," Reeves said in an interview Wednesday.

Reeves said oil shipping sources expect Iraq to back down and abandon its surcharge.

Still, "the U.N. can hardly claim its strategy is succeeding if customers for Ceyhan crude are drying up completely, since the oil-for-food program and hence the humanitarian situation of most Iraqis depends on Iraq being able to sell its oil," Reeves said.

The oil-for-food program was created in 1996 to ease Iraqi suffering under the strict U.N. economic sanctions. Under oil-for-food, Iraq can sell unlimited amounts of oil to buy food, medicine and other humanitarian supplies, and to pay war reparations.

Benon Sevan, in charge of U.N. humanitarian programs in Iraq, told the U.N. Security Council last month that the retroactive pricing policy has reduced Iraqi oil exports by about 25 percent and cost the oil-for-food program an estimated \$1.2 billion since December. He said the pricing practice threatened efforts to improve the delivery of humanitarian goods to Iraqis.

Wednesday, the United Nations announced that Iraqi oil exports surged to 15.3 million barrels in the last week of May, up from the previous week's low of 9 million barrels.

Iraq had stopped exports from April 8 until May 8 in a gesture meant to show solidarity with the Palestinian uprising. It took some time for exports to resume previous levels, accounting for low figures in the first part of May.

The U.N. Office of the Iraq Program said in a press release Wednesday that last week's shipments generated an estimated \$333 million. Despite the surge, the statement said the humanitarian program is short on funds and cannot process contracts valued at \$1.86 billion.

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^Iraqi Minister: Smart sanctions will lead to halt of oil exports<

ANKARA, Turkey (AP) _ Iraq's oil minister warned Tuesday that his country would again halt oil exports if the United Nations passed a British and U.S.-backed proposal for an overhaul of U.N. economic sanctions against Iraq.

Oil Minister Amer Rashid, heading an Iraqi economic delegation for three days of talks, said his country would oppose any version of the so-called smart sanctions, even if the proposal was watered down.

"It is not possible for us to accept any changes, even a softening of the smart sanctions," the Anatolia news agency quoted Rashid as saying after talks with Turkish officials. "We will do all that we can to prevent the proposal from passing."

Earlier this month, the United States and Britain dropped a plan for the smart sanctions to avert a Russian veto. The proposal would have lifted restrictions on the flow of civilian goods to Iraq while tightening an 11-year-old arms embargo and plugging up oil smuggling routes.

The United Nations Security Council voted instead to continue an oil-for-food program, which allows Iraq to sell oil to buy food, medicine and other essential goods for its people.

Iraq halted its oil exports in June to protest the smart sanctions proposal, including the flow of oil to a pipeline that terminates at Turkey's Mediterranean port of Ceyhan.

Turkish state minister Edip Safer Gaydali, speaking to reporters after meeting Rashid, said Turkey hoped sanctions against Iraq would be lifted soon.

Turkey estimates it has lost some \$40 billion in trade revenues since U.N. sanctions were imposed after Iraq's 1990 invasion of Kuwait.

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^Iraq resumes oil delivery through pipeline to Turkey<

ISTANBUL, Turkey (AP) _ Iraq has resumed pumping oil through a pipeline that runs to Turkey's Mediterranean coast after a one-month halt, Turkish officials said Tuesday.

Oil began to flow through the pipeline at 0950 GMT Tuesday, Turkey's Energy Ministry said in a written statement. The oil began arriving at the Turkish port of Ceyhan just over three hours later.

The move comes a day after Iraq and the United Nations agreed to a new five-month extension of an oil-for-food program that allows Iraq to export oil and use the revenue to buy food, medicine and other essentials.

Iraq cut off oil delivery through the Ceyhan pipeline on June 4 to protest a U.N. decision to renew the oil-for-food program for just one month, rather than the usual six months.

Despite the pipeline closure, Iraqi diesel oil continued to reach Turkey by road in defiance of U.N. sanctions.

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Iraq resumes oil delivery through pipeline to Turkey<

ISTANBUL, Turkey (AP) — Iraq has resumed pumping oil through a pipeline that runs to Turkey's Mediterranean coast after a one-month halt, Turkish officials said Tuesday.

Oil began to flow through the pipeline at about 12.50 p.m. (0950 GMT) Tuesday, Turkey's Energy Ministry said in a written statement. The oil began arriving at the Turkish port of Ceyhan at around 4.00 p.m. (1300 GMT).

The move comes a day after Iraq and the United Nations agreed to a new five-month extension of an oil-for-food program that allows Iraq to export oil and use the revenue to buy food, medicine and other essentials, and pay war reparations.

Iraq cut off oil delivery through the Ceyhan pipeline on June 4, to protest a U.N. decision to renew the oil-for-food program for just one month, rather than the usual six months.

Despite the pipeline closure, Iraqi diesel oil continued to reach Turkey by road in defiance of U.N. sanctions.

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^BC-Turkey-Truckers Race<

^Turkish truckers run race for right to haul diesel from Iraq<

^AP Photos ANK101<

ANKARA, Turkey (AP) _ More than 300 Turkish truckers ran a 2.5-kilometer (1.5-mile) race to try to win the coveted prize of a government permit to import sanctions-busting diesel from Iraq, reports said Sunday.

The first ten truckers to cross the finish line Saturday avoided the days-long authorization process it sometimes takes and automatically received a permit to haul cheap Iraqi diesel into Turkey, Radikal newspaper reported.

Even with a permit, though, truckers still often must form long lines at the Habur border crossing between Iraq and Turkey to deliver the diesel.

Although the diesel imports violate U.N. sanctions, officials have been turning a blind eye to the trade to support Turkey's impoverished southeast region. About 150 trucks are allowed to cross the border everyday.

Turkey says it has lost more than dlr 30 billion in trade since sanctions were imposed on Iraq in 1990 following its invasion of Kuwait. The trade also helps the economy of the autonomous Kurdish enclave in northern Iraq.

The United States, however, is pressing to crack down on the trade which it says is benefitting Saddam Hussein.

The truck drivers say they make about 550 million Turkish lira (dlrs 450) from a single trip to Iraq. The diesel is purchased by Iraqi Kurds from Iraqi refineries and sold to the Turkish truckers. The truckers then sell it to a Turkish government-run depot.

Saturday's winner was Salih Ugur, who also won the local government-organized race last year. Nine other truckers also won permits.

Last week, Iraq stopped pumping oil through its two U.N.-approved export pipelines to protest a Security Council decision to extend by one month instead of the usual six months the U.N. oil-for-food program. The diesel trade to Turkey, however, has continued.

(sf/nvw)

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^Iraq stops pumping oil to Turkey<

^EDS: CHANGES attribution, SUBS graf 5 to change reference to pipeline terminal to conform, ADDS detail<

ANKARA, Turkey (AP) _ Iraq stopped pumping crude oil on Saturday through a pipeline running to the Turkey's Mediterranean coast, a pipeline company official said.

Pumping stopped at around 4 a.m. (0100 GMT), Figen Sahin, a spokeswoman for the state-run pipeline company BOTAS, told The Associated Press.

Iraq had announced on Saturday that it would halt oil exports from terminals on the Gulf and Mediterranean starting Monday.

Sahin said Iraqi official cited a drop in their oil production and stocks as reason for the halt. BOTAS officials were not told when pumping would resume.

The pipeline, which runs from the Iraqi oil fields in Kirkuk to the Turkey's Mediterranean port terminal at Ceyhan, has been pumping limited oil to let Iraq make enough money to buy much-needed food and medicine.

Iraq's decision to halt exports follows the U.N. Security Council's decision Friday to extend by one month the oil-for-food program. The extension is designed allow the United States and Britain more time to get backing for their so-called smart sanctions proposal which would ban some military-related items from entering Iraq.

Iraq has warned neighbors Jordan, Syria and Turkey that it would halt oil supplies to them if they accepted the sanctions proposal.

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^Iraq stops pumping oil to Turkey<

ANKARA, Turkey (AP) _ Iraq stopped pumping crude oil on Saturday through a pipeline running to the Turkey's Mediterranean coast, a pipeline company official said.

Pumping stopped at around 4 a.m. (0100 GMT), Gokhan Yardim, head of the state-run pipeline company BOTAS told the semi-official Anatolia news agency.

Iraq had announced on Saturday that it would halt oil exports from terminals on the Gulf and Mediterranean starting Monday.

It was not clear why pumping stopped Saturday. Anatolia said officials cited "insufficient production and a drop in stocks" as reason for the halt.

BOTAS officials could not immediately be reached for comment.

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^BC-Turkey-Iraqi Oil(

^Iraq cuts off crude trade to Turkey but diesel flowing(

^With AP Photos

^By LOUIS MEIXLER

^Associated Press Writer=

HABUR, Turkey (AP) - Turkish tankers are turning back empty from the Iraqi border following what officials say was Baghdad's cutoff of direct shipments of crude oil. More than a hundred sanctions-busting trucks are, however, still carrying diesel fuel across the border.

Iraq closed its taps to oil exports Monday to protest an extension last week of a U.N. oil-for-food deal and U.S. and British moves to tighten U.N. sanctions which closely monitor how Iraqi oil money is spent.

The U.S.-backed changes would include monitoring the purchases of Iraq's neighbors - Turkey, Jordan and Syria - who now bypass the United Nations and deal directly with the government of Saddam Hussein.

Iraq, however, has said that it would not halt shipments to its neighbors, whose purchases are believed to bring in some dlrs 1 billion in unmonitored cash for the Iraqi regime.

Abdullah Erin, the Turkish official in charge of Turkey's only crossing with Iraq, the Habur border gate, said crude traffic through Habur was halted some two weeks ago when contracts expired. He said the shipments should resume shortly.

Mehmet Emin Deger, the head of Deger International Transport, the largest trucking company that transports Iraqi crude, said that Turkey was no longer allowing any of his 2,000 crude oil tankers to cross. The problem, he said, was at a loading depot.

At Habur, hundreds of oil tankers were lined up waiting to cross. A few drivers, like Yasar Evim turned back in frustration after three days of waiting at the border.

"There are always problems," Evim muttered as he drove away.

Nearby, trucks waited to unload Iraqi diesel in a line that stretched some 3 kilometers (2 miles).

In the first five days of June, 600 diesel trucks cross the border, Erin said. A truck carries about 5,000 liters (1,300 gallons).

Under U.N. sanctions, money for oil purchases must be put into an international account and Iraq can only use the funds for humanitarian goods.

Iraqi sales to Jordan, Turkey and Syria skirt those sanctions.

Iraq is believed to have sold some 100,000 barrels of oil per day to Jordan and Turkey last year, said Nathaniel Kern, an analyst with Foreign Reports, Inc. a Washington-based oil consultancy company.

Iraqi sales picked up sharply after November following Syria's agreement to purchase some 150,000 barrels per day of Iraqi crude, Kern said.

"It's partially how the regime gets its money," said Toby Dodge of the Royal Institute of International Affairs in London. "Iraq has a very successful program of sanctions busting."

The U.S. has mostly ignored the sanctions-breaking trade with Iraq's neighbors, which in Turkey's case has gone on for years. The countries all have weak economies and say they have lost billions in trade since the sanctions began.

That point was emphasized Sunday, when Prime Minister Bulent Ecevit visited Sirnak, an impoverished town near the Iraqi border where many of the truckers live. Turkey says it has lost dlrs 30 billion to 40 billion in trade since sanctions were imposed following Iraq's 1990 invasion of Kuwait.

"We know that the primary way to increase the region's income is through the gasoline trade," Ecevit said. "We have decided to expand this, not narrow it."

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^Iraq oil flows to border states despite cutoff(

^With AP Photos

^By LOUIS MEIXLER=

^Associated Press Writer=

HABUR, Turkey (AP) - Days after Iraq halted oil exports, hundreds of sanctions-busting trucks are crossing the border with Turkey hauling diesel fuel in violation of U.N. sanctions.

The truck shipments to Turkey, which Iraq has said it will continue despite the cutoff, bypass international monitoring and are a source of income for the regime of Iraqi President Saddam Hussein.

Business on the border was slower than usual, however. Tanker trucks that haul crude oil, and not refined diesel, were turning back empty.

Turkish officials said the tankers were not able to fill up in Iraq but attributed that to distribution problems and not a deliberate Iraqi move.

Abdullah Erin, the Turkish official in charge of Turkey's only crossing with Iraq, the Habur border gate, said the crude oil halt was due to expiring contracts and said the shipments should resume shortly but gave no dates.

The border oil trade is volatile and brief cutoffs are not uncommon. The crude trade, however, was ended more than two weeks ago.

That predates Iraq's Monday decision to end most of its oil exports.

Iraq cut the flow to protest the extension of a U.N. oil-for-food deal and U.S. and British moves to tighten U.N. sanctions which closely monitor how Iraqi oil money is spent.

Under U.N. sanctions, money for oil purchases must be put into an international account and Iraq can only use the funds for humanitarian goods and to pay reparations for Baghdad's 1990 invasion of Kuwait.

Iraq has said it will continue supply its neighbors - Turkey, Jordan and Syria - who bypass the United Nations and deal directly with the government.

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The trade is believed to earn Saddam's government some \$1 billion a year.

The U.S. has mostly ignored the sanctions-breaking trade with Iraq's neighbors. The countries all have weak economies and say they have lost billions in trade since the sanctions began.

That point was emphasized Sunday, when Prime Minister Bulent Ecevit visited Sirnak, an impoverished town near the Iraqi border where many of the truckers live. Turkey says it has lost \$30 billion to 40 billion in trade since sanctions were imposed in 1990.

"We know that the primary way to increase the region's income is through the diesel trade," Ecevit said. "We have decided to expand this, not narrow it."

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ISTANBUL, Turkey (AP) _ Iraq resumes pumping oil through northern pipeline to Turkey, Turkish officials say.

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^ISTANBUL, Turkey: other problems(

Two Turkish officials, speaking on condition of anonymity, said that Iraq resumed pumping oil through the 950-kilometer (600-mile) pipeline from the northern Iraqi city of Kirkuk to Ceyhan on Saturday at 11:00 a.m. (0000GMT).

"Now it's beginning again and will continue," a Turkish oil ministry official said.

The Turkish officials said between 400,000 and 600,000 barrels of oil would be pumped daily.

The reopening of the pipeline is considered an important step in rebuilding Iraq's oil industry by clearing the way for crude from the country's large northern fields to reach the market.

Iraq resumed oil sales in June, when tankers began shipping out crude that had been in storage at Ceyhan since the war halted exports.

Iraq has since only been pumping oil through its other pipeline in the south.

(jh-cb)

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^BC-EU-GEN--Turkey-Iraq-Oil, 1st Ld-Writethru(

^Turkish official: Iraq pumps oil through northern pipeline(

^Eds: Combines urgent series.(

^By JAMES C. HELICKE=

^Associated Press Writer=

ISTANBUL, Turkey (AP) _ Iraq on Saturday resumed pumping oil through its northern pipeline to Turkey after two months out of operation, Turkish officials said Saturday.

In August, Iraq briefly pumped fresh crude oil through the pipeline to Turkey's Mediterranean coast for the first time since the war, but the flow was halted because of sabotage and other problems.

Two Turkish officials, speaking on condition of anonymity, said that Iraq resumed pumping oil through the 950-kilometer (600-mile) pipeline from the northern Iraqi city of Kirkuk to Ceyhan on Saturday at 11:00 a.m. (0000GMT).

"Now it's beginning again and will continue," a Turkish oil ministry official said.

The Turkish officials said between 400,000 and 600,000 barrels of oil would be pumped daily.

The reopening of the pipeline is considered an important step in rebuilding Iraq's oil industry, bringing oil from the vast northern fields to reach the market.

Iraq resumed oil sales in June, when tankers began shipping out crude that had been in storage at Ceyhan since the war halted exports.

Iraq has since only been pumping oil through its other pipeline in the south.

(jh-cb)

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^RC-EU-GEN--Turkey-Iraq-Oil, 5th Ld-Writethru,0509(

^Turkish official: Iraq briefly resumes pumping oil to north, but flow cut after some two hours(

^Eds: LEADS throughout to UPDATE with energy ministry official saying Iraq blamed leak, not sabotage; other details, background(

^By JAMES C. HELICKE=

^Associated Press Writer=

ISTANBUL, Turkey (AP) _ Iraq resumed pumping oil through its northern pipeline to Turkey Saturday, but a leak on the Iraqi side stopped the flow after two hours, Turkish officials said.

Saturday's brief pumping was the first in two months and illustrates the uphill battle Iraq faces in restoring its oil industry, essential for the country's reconstruction.

Oil began to pass through the 950-kilometer (600-mile) pipeline from the northern Iraqi city of Kirkuk to Turkey's Ceyhan port at 11 a.m. (0800 GMT), said two Turkish officials, speaking on condition of anonymity.

But the flow stopped because of technical problems, one of the officials later said.

A Turkish energy ministry official said a leak on the Iraq side stopped the flow. The official said Iraq blamed technical problems _ not sabotage.

"The line broke on the Iraq side then Iraq stopped pumping oil," the official said.

Gurhan Gur, a top official at Ceyhan port, said no oil reached the Turkish port Saturday, the Anatolia news agency reported.

Repair work was under way and the flow was expected to resume afterward, he told Anatolia.

Another Turkish official, speaking on condition of anonymity, said the flow could resume as early as Sunday.

Oil sales are essential to rebuilding Iraq, but frequent attacks on Iraq's pipelines have slowed down the flow of oil.

L. Paul Bremer, the U.S. civilian administrator for Iraq, has said the country is losing US\$7 million a day when the northern pipeline is not in service.

In August, Iraq briefly pumped crude oil through the northern pipeline to Turkey's Mediterranean port of Ceyhan, but the flow was halted because of sabotage and other problems.

Reopening the pipeline would be an important step in rebuilding Iraq's oil industry, bringing oil from the vast northern fields, which pump slightly less than half of Iraq's oil, to world markets.

The Turkish officials said between 400,000 and 600,000 barrels of oil would be pumped daily.

Iraq resumed oil sales in June, when tankers began shipping crude that had been in storage at Ceyhan since the war halted exports.

But Iraq has since only been pumping oil through its other pipeline in the south.

Earlier this week, an explosion ripped open part of the main pipeline linking the northern oil fields to the al-Doura oil refinery and the Musayab power plant. That oil was earmarked for domestic use.

Iraq is now exporting some 1 million barrels of oil a day, all from the south, compared with a daily output of 2.1 million barrels before the U.S.-led invasion.

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^BC-EU-GEN--APNewsAlert,0032(

ISTANBUL, Turkey (AP) _ Iraqi oil flow to Turkey halted after
about two hours due to technical difficulties, oil official says.

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^URGENT<

^ISTANBUL, Turkey: as Sunday.<

Turkey's Anatolia news agency quoted Gurhan Gur, a top official at Ceyhan, as saying a leak in the pipeline was to blame.

The Turkish officials said between 400,000 and 600,000 barrels of oil would be pumped daily.

The reopening of the pipeline is considered an important step in rebuilding Iraq's oil industry, bringing oil from the vast northern fields to world markets.

Iraq resumed oil sales in June, when tankers began shipping crude that had been in storage at Ceyhan since the war halted exports.

Iraq has since only been pumping oil through its other pipeline in the south.

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^ISTANBUL, Turkey: two months(

In August, Iraq briefly pumped fresh crude oil through the pipeline to Turkey's Mediterranean coast for the first time since the war, but the flow was halted because of sabotage and other problems.

Two Turkish officials, speaking on condition of anonymity, said Saturday that Iraq resumed pumping oil through the 950-kilometer (600-mile) pipeline from the northern Iraqi city of Kirkuk to Ceyhan on Saturday at 11 a.m. (0000GMT).

But the flow later stopped because of unspecified technical problems, one of the officials later said. The official said the oil flow could resume again as early as Sunday.

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^BC-EU-GEN--Turkey-Iraq-Oil, 2nd Ld,8186<

^Turkish official: Oil flow through northern pipeline stops after two hours<

^Eds: UPDATES with Turkish official saying oil flow stopped<

^By JAMES C. HELICKE=

^Associated Press Writer=

ISTANBUL, Turkey (AP) _ Iraq resumed pumping oil through its northern pipeline to Turkey on Saturday, but the flow stopped after two hours because of technical problems, a Turkish official said.

The official gave no details as to why the pumping was halted. Saturday's brief pumping was the first in two months.

^MORE<

AP-LD-18-18-83 1118GMT<

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^Turkish officials: Iraq briefly resumes pumping oil to north, but flow cut after some two hours(

^Eds: RECASTS to clarify that leak on Iraqi side; CORRECTS name of official cited by Anatolia in graf 3, 5; Other edits to conform.(

^By JAMES C. HELICKE=

^Associated Press Writer=

ISTANBUL, Turkey (AP) _ Iraq resumed pumping oil through its northern pipeline to Turkey on Saturday, but stopped after two hours because of a leak, Turkish officials said.

The brief pumping was the first in two months and illustrates the uphill battle Iraq faces in restoring its oil industry, essential for the country's reconstruction.

Gurhan Unal, a top official at Turkey's Ceyhan port, said a leak in the pipeline from the northern Iraqi city of Kirkuk stopped the flow before the oil reached Ceyhan, the Anatolia news agency reported.

While sabotage has stopped the flow of oil through the 950-kilometer (600-mile) pipeline in the past, Iraq said technical problems _ and not sabotage _ caused the disruption at around 11 a.m. (0800 GMT), a Turkish energy ministry official said.

Work to repair the leak in Iraq and restore the flow was underway, Anatolia quoted Unal as saying. Another Turkish official, speaking on condition of anonymity, said the flow could resume as early as Sunday.

Oil sales are essential to rebuilding Iraq, but frequent attacks on Iraq's pipelines have slowed the flow of oil.

L. Paul Bremer, the U.S. civilian administrator for Iraq, has said the country loses US\$7 million every day the northern pipeline is not in service.

In August, Iraq briefly pumped crude oil through the northern pipeline to Turkey's Mediterranean port of Ceyhan, but the flow was halted because of sabotage and other problems.

Once pumping is restored, Turkish officials said between 400,000 and 600,000 barrels of oil would be pumped daily.

Reopening the pipeline would be an important step in rebuilding Iraq's oil industry, bringing oil from the vast northern fields, which pump slightly less than half of Iraq's oil, to world markets.

Iraq resumed oil sales in June, when tankers began shipping crude that had been in storage at Ceyhan since the war halted exports.

But Iraq has since only been pumping oil through its other pipeline in the south.

Earlier this week, an explosion ripped open part of the main pipeline linking the northern oil fields to the al-Doura oil refinery and the Mussayab power plant. That oil was earmarked for domestic use.

Iraq is now exporting some 1 million barrels of oil a day, all from the south, in comparison to the 2.1 million barrels a day that it was pumping before the U.S.-led invasion.

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^BC-EU-GEN--Turkey-Iraq-Oil(

^URGENT(

^Turkish official: Iraq pumps oil through northern pipeline(

^By JAMES C. HELICKE=

^Associated Press Writer=

ISTANBUL, Turkey (AP) - Iraq on Saturday resumed pumping oil through its northern pipeline to Turkey after two months out of operation, Turkish officials said Saturday.

In August, Iraq briefly pumped fresh crude oil through the pipeline to Turkey's Mediterranean coast for the first time since the war, but the flow was halted because of sabotage and other problems.

^More(

AP-LD-10-10-03 1046GNT(

~Iraq-Oil,0348<

~Newsletter: Iraq Repairing Offshore Oil Terminal<

NICOSIA, Cyprus (AP) _ Iraq is working hard to repair its major oil terminal in the northern Gulf, even though prospects for resumption of Iraqi exports currently are dim, the Middle East Economic Survey reported Monday.

The weekly newsletter, published in Nicosia, said it learned from "reliable sources" that the Iraqis are using the oil tanker Kirkuk as a base for a repair team working on the Mina al-Bakr terminal.

The present target is to re-establish a loading capacity of 300,000 barrels a day within the next two months, rising to 700,000 barrels a day in four months, the newsletter said.

The original capacity of the facility was 1.6 million barrels a day, before it was put out of action at the start of the Iran-Iraq war in 1980.

After that war ended in 1988, capacity was briefly restored to 800,000 barrels a day, but the terminal was damaged and shut down again during the Gulf War early this year.

So far, Iraq has not accepted a U.N. plan for limited sales of Iraqi oil. It objects to restrictive provisions including one that would set aside part of the revenues for war reparations to Kuwait and other countries.

The newsletter said any exports via Mina al-Bakr would require special U.N. permission, because the current regulations recognize only one export route: a pipeline to Turkey.

The reopening of the terminal also would require U.N. permission for the importation of essential spare parts without which the terminal cannot function.

The newsletter said the Iraqis meanwhile have been carrying out successful tests for an oil production level of 1.15 million barrels a day.

It said the Iraqis were confident that they could manage an export level of 1.2 million barrels a day via the Turkish pipeline immediately, if they chose to do so.

"But of course, such plans have little practical significance so long as there is no political go-ahead for U.N.-sponsored oil exports," the newsletter said.

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this is fyi. notnot uppicking because it's a knock-down of a
reuters report that ap never carried.

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from middle east economic survey on monday:

there has been a good deal of media speculation recently
concerning the possibility of large-scale embargo-busting through
smuggling cheap iraqi oil products to neighboring markets such as
turkey, jordan and syria (through jordan). mees soundings indicate
that such oil smuggling operations are confined mainly to the
kurdish-dominated areas of the iraqi-turkish border, where some
1,000 trucks operating on 'humanitarian' cross-border traffic, are
also fitted with special tanks designed to carry 5,000 liters of gas
oil on the return journey to turkey. however, the volumes in
question are obviously modest. as far as jordan is concerned trucked
supplies of iraqi crude for the zarqa refinery in jordan
-- which are permitted by the u.n. -- are understood to have been
increased recently from 30,000 b-d to 50,000 b-d, but these supplies
are not believed to include any illicit gasoline or gas oil (though
some straight-run fuel oil may be used as feedstock at the zarqa
refinery).

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UN-Iraqi Oil, 04184

Iraq Rejects Future Arms Control, Nixes Talks On Possible Oil Sales

UNITED NATIONS (AP) — Iraq has rejected U.N. controls on Baghdad's future arms programs, violating the Gulf war cease-fire agreement, the U.N. official in charge of Baghdad's disarmament said Tuesday.

The government of President Saddam Hussein also canceled talks on possible oil sales to buy vital food and medicine, another U.N. spokesman said.

In a message to the U.N. commission overseeing the destruction of its weapons of mass destruction, Iraq said it will not accept future monitoring of arms-building or purchasing, said Rolf Ekeus, head of the panel.

The U.N. Security Council could take up the matter as early as Wednesday, when it was scheduled to review sanctions against the Baghdad government, Ekeus said.

Baghdad has grudgingly complied with U.N. efforts to identify and destroy Iraq's nuclear, chemical and biological weapons potential under terms of a cease-fire agreement. The destruction of existing weapons is being complied with, said Ekeus, a Swede.

The third part of the disarmament plan in the cease-fire agreement "has to do with controlling what they produce or acquire anew," Ekeus said.

But in a message in mid-January to the U.N. Special Commission, Iraq said that once phases one and two were completed, it would consider its obligations fulfilled.

Ekeus, chairman of the commission, called the rejection of the third phase a 'violation of the cease-fire agreement,' but he declined to say what he would urge the Security Council to do in response.

The council has authorized the use of force to enforce its resolutions against Iraq.

Spokesman Francois Duilliani said the Iraqi ambassador, Abdul Amir al-Anbari, told the United Nations his country was cancelling the talks on oil sales but gave no reason in notifying the United Nations that the talks had been canceled.

U.N. Assistant Secretary-General Kofi Annan and aides were already in Vienna, waiting for the talks to begin, when word of the cancellation came, said spokesman Fred Eckhard.

The U.N. Security Council has authorized a one-time Iraqi oil sale to finance purchases of food and humanitarian supplies, but Iraq has refused the U.N. terms as being too onerous and a violation of its sovereignty.

Al-Anbari was not available to answer a telephone query about the reason for the halt in the talks.

One round of talks has been held in Vienna regarding the details of the sale, although Iraq has not agreed to it.

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^Iraq-Oil,0501<

^Iraq Trying To Lure European Oil Help, Survey Says<

NICOSIA, Cyprus (AP) _ Iraq has been talking with at least one large European oil company to help develop a southern oil field, but the U.N. embargo has prevented any deal being completed, the Middle East Economic Survey reported Monday.

The authoritative oil industry newsletter, published in Nicosia, said several oil companies have begun renewing contacts with Iraq "with a view to gaining a foothold which might be advantageous once the political situation changes."

It did not name any of the companies. But it said that the talks between the Iraqi Oil Ministry and the European firm were about developing the Majnoon oil field occurred "during the past few months."

Majnoon, discovered in 1976, is believed to contain some 7 billion barrels of crude.

MEES said the Iraqis apparently "offered the company in question an equity interest in Majnoon on condition that its home government should gradually abandon its economic boycott of Iraq."

It added: "The negotiations have reached a dead end for the time being because of the political quid pro quo being demanded by Baghdad."

On the other companies, the newsletter noted: "The Iraqi government is pursuing this campaign in the full knowledge that it is not possible under present political circumstances to engage foreign oil firms to work in Iraq."

But it said Baghdad hopes that maintaining contacts could "gradually and eventually lead to the easing of the sanctions."

MEES noted that Iraq will need Western investment to develop oil fields, including Majnoon and three others in southern Iraq: West Qurna, Halfaya and Nahr

Baghdad last month announced a 'new policy' to encourage foreign investment in oil development.

The United Nations imposed the embargo on Iraq after Saddam Hussein invaded neighboring Kuwait Aug. 2, 1990. It includes a ban on oil exports, Iraq's economic lifeline.

Iraq has oil reserves estimated at 100 billion barrels, second only to Saudi Arabia.

Western nations, led by the United States, have been adamant about keeping the sanctions in place until Saddam complies fully with the cease-fire resolutions that ended the Gulf War, particularly the destruction of its weapons of mass destruction.

MEES said it doubted Iraq could sustain its current oil production capacity of about 1.5 million barrels a day _ under half its pre-invasion output _ because of shortages of parts, equipment and chemicals.

It predicted the Iraqis can keep producing about 400,000 barrels daily for domestic use, but 'their ability to sustain a larger volume' for export 'is much more limited.'

The United Nations has given Iraq permission to export oil worth dlrs 1.6 billion to purchase food and medicine, provided 30 percent of the revenue goes as reparations for Kuwait.

Iraq has so far rejected the scheme. Last month Baghdad asked the U.N. Sanctions Committee to allow it to buy oil production equipment and supplies.

^Iraq-Oil,0433<

^By JOSEPH PANOSSIAN=

^Associated Press Writer=

NICOSIA, Cyprus (AP) - Iraq is planning to increase its crude oil production capacity to 5.5 million barrels a day, Iraqi Oil Minister Ossamah Abdul Razzak Al-Hiti said Wednesday.

The official Iraqi News Agency, monitored in Nicosia, said Hiti made the remark at a press conference in Baghdad, called to discuss the current status of the war-ravaged Iraqi oil industry.

The minister did not say when he expects the ambitious production figure would be achieved, but said the figure was compatible with plans previously drawn up for 1994.

He said the envisaged production figure is also compatible with Iraq's vast reserves. Iraq is estimated to have 100 billion barrels of proven reserves in its northern and southern fields.

Iraqi oil installations were severely damaged during the Gulf war. Oil exports had completely ground to a halt as a result of U.N.-imposed economic sanctions in the wake of the Iraqi invasion of Kuwait in August 1990.

Hiti said development of the production capacity is part of 'an ambitious plan' by the oil ministry to restore and increase the pre-war production capacity of 3.14 million barrels a day.

He added that the ministry is seeking to implement the plan in cooperation with international oil companies, through granting them incentives. He did not give details of the proposed incentives.

Iraqi crude production averaged 400,000 barrels a day in September, with 250,000 barrels earmarked for local consumption.

Hiti told a meeting of the Organization of Petroleum Exporting Countries in Geneva on Sept. 17 that following repairs of some of the damage in the oil installations, his country could immediately begin exporting as much as 1.5 million barrels a day if the U.N. trade embargo is eased.

But a U.N. Security Council resolution has only allowed Iraq to export 1.6 billion dollars worth of crude oil, at benchmark prices, within the next six months in order to be able to purchase food and medicines. Iraq has rejected the measure as too restrictive.

The oil would be pumped from the Kirkuk fields in northern Iraq to the Mediterranean terminal at Ceyhan in southwestern Turkey. But Turkey and Iraq have disagreed on transit royalties.

Hiti said teams of oil ministry technicians have begun building mobile refining units, something which is being done for the first time in the country.

He said these units were 'the fruit of experience gained by the technical teams which participated in reconstruction work' after the end of the Gulf war.

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Turkey-Iraq

Turkey Denies Iraqi Accusations Over Pipeline Fees

ANKARA, Turkey (AP) — The Foreign Ministry on Wednesday dismissed Iraqi complaints that Turkey is demanding excessive royalties to permit the resumption of Iraqi oil exports through a pipeline.

Ministry spokesman Ferhat Ataman said the price covered maintenance costs for the twin pipelines.

The Iraqi army newspaper Al-Qadissiyyah said Tuesday that Turkey was engaging in "daylight robbery" by demanding dlr 264 million in royalties for a period of six months.

Ataman called the allegation "misleading and untrue." He said the reopening of the pipelines would not be a regular use as in the past and thus new fee regulations were required.

Turkish newspapers reported over the past week that the United Nations also contends the fee is too high.

A government official, who spoke on condition of anonymity, said Turkey and the United Nations were discussing the issue of the fees, but noted that Iraq had not yet even accepted the U.N. plan for its exports.

The U.N. Security Council last month approved a plan allowing Iraq to sell up to dlr 1.6 billion of oil and use some of the profits for civilian supplies and war reparations.

The six-month arrangement, if accepted by Baghdad, would lead to the first export of Iraqi oil since its Aug. 2, 1990, invasion of Kuwait.

The Iraqi newspaper said in the same report that accepting the U.N. resolution "will subject Iraq and its people to the biggest blackmail and theft under the pretext of the false international legality."

The 600-mile (1,000-kilometer) pipelines connect Iraq's Kirkuk oil fields to the Turkish Mediterranean terminal of Yumurtalik. They remain as the only major outlet for Iraqi exports.

Iraq's other pipeline links to Saudi Arabia and Syria were destroyed by allied bombs in the Gulf War.

Turkey shut down the pipeline under terms of the U.N. embargo after Iraq's invasion of Kuwait. As a result, Turkey suffered an economic loss estimated at dlr 7 billion.

The two pipelines have a daily operational capacity of 1.5 million barrels of crude. Before the Gulf crisis, the pipelines had earned Turkey about dlr 300 million annually.

Officials estimated that Iraq could pump the required oil through the pipeline in three months.

Ataman said if Iraq was allowed by the U.N. Security Council to sell more oil, Turkey would not charge any additional fees if the oil could be pumped in the six month period.

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*Turkey-Iraq<

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*Turkey Denies Iraqi Accusations Over Pipeline Fees<

ANKARA, Turkey (AP) _ Foreign Ministry on Wednesday condemned Iraq for attacking Turkey over the amount of fee, demanded for the use of twin pipelines for Iraqi oil exports.

Iraqi army newspaper Al-Qadissiyah charged Turkey on Tuesday with engaging in "daylight robbery."

Ministry spokesman Ferhat Ataman told a weekly news briefing that Iraqi allegations were "misleading and untrue."

Turkey seeks dlrs 264 million in royalties from the use of the pipelines for a period of six months.

Ataman said the reopening of the pipelines would not be a regular use as in the past and thus new fee regulations were required.

The U.N. Security Council last month approved a plan allowing Iraq to sell up to dlrs 1.6 billion worth of oil and use some of the profits for civilian supplies and war reparations.

The six-month arrangement would be the first export of Iraqi oil since its Aug. 2, 1990, invasion of Kuwait. But, Baghdad has not accepted the plan yet.

The Iraqi newspaper said in the same report that accepting the U.N. resolution "will subject Iraq and its people to the biggest blackmail and theft under the pretext of the false international legality."

The 600-mile (1,000-kilometer) pipelines connect Iraq's Kirkuk oil fields to the Turkish Mediterranean terminal of Yumurtalik. They remain as the only major outlet for Iraqi exports.

Iraq's other pipeline links to Saudi Arabia and Syria were destroyed by allied bombs in the Gulf War.

Turkey shut down the pipeline in accordance with the U.N. embargo after Iraq's invasion of Kuwait. As a result, Turkey suffered an economic loss estimated at dlr. 7 billion.

The two pipelines have an operational capacity of 1.5 million barrels of crude daily at present. Before the Gulf crisis, the pipelines had been earning Turkey about dlr. 300 million annually.

Officials estimated that Iraq could pump the required oil through the pipeline in three months.

Ataman said if Iraq was allowed by the U.N. Security Council to sell more oil, Turkey would not charge any additional fees if the oil could be pumped in the six month period.

The United Nations have also reportedly rejected the Turkish demand as too high and asked Turkey to lower it.

Turkish officials refused to comment over the reports. But, they said negotiations were under way although "it made no sense since Iraq had not accepted the U.N. plan."

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With the U.N.-Iraq oil talks coming up next week, believe that, for sake of conformity and accuracy, we need to clarify reasons Iraq rejected the dlrs 1.6 billion sale last year. Various reasons appear in copy depending on point of origin.

The simplest and most general explanation is that Iraq disagreed with terms of the sale, saying they impinged on its sovereignty.

Specifically, the major reason was that Iraq objected to demands that the U.N. monitor the oil sales and distribute food purchased with the money. The government knows its only tangible link with most Iraqis is its own food distribution and rationing system started during the Gulf crisis. For the United Nations to take that over would make it obvious to all that there is no real government in Iraq. Baghdad is more relaxed now over monitoring of sales and purchases, likely knowing that is inevitable.

Iraq resisted pressure to pump the oil through Turkey, which was demanding millions in surcharges that the Iraqis saw as extortion. There has been some movement on this issue. The Iraqis have repaired pipelines and facilities to pump the crude to the south, and now Turkey apparently has backed off on demands for dlrs 246 million in "special fees."

Iraq also objected to the money involved. Sadruddin Aga Khan, the former U.N. special humanitarian envoy to the region, recommended dlrs 2.6 billion, and Baghdad wanted as much money as it could get considering that part of it would go to Kuwait reparations and part to pay for U.N. operations in Iraq.

Sometimes copy mentions Iraq's objection to paying reparations. Although at one point one official or another might have cited this as a reason for opposing the oil sale, the Iraqis have known from the beginning that this is a condition, which it accepted in the cease-fire, and that there is no room for negotiation here. It should not be used as a reason in AP copy.

*BC-Iraq-Pipeline,02954

*North-South Iraqi Pipeline Ready For Service4

NICOSIA, Cyprus (AP) — Iraqi engineers have completed the final repairs to put Iraq's key north-south oil pipeline in service, the official Iraqi News Agency reported Thursday.

The agency quoted Ghazi Sabir, chairman of the Northern Petroleum Organization, as saying the reconstruction of the K-3 oil station in Haditha, northwest of Baghdad, meant that Iraq was now able to transport oil from its northern Kirkuk oil fields to the southern oil port terminal at Basra.

From there it could be exported via southern outlets once the U.N. trade embargo is lifted, the report said.

The station and the control system of the internal pipeline were severely damaged by allied forces in the Gulf War last year.

Pipelines through Turkey can carry up to 1.6 million barrels of oil each day from Iraq's northern oil fields to the Mediterranean. But Deputy Premier Tariq Aziz said recently that route could not be used because the pipeline goes through terrain controlled by Kurdish rebels.

The pipeline to the south from Haditha has a capacity of 800,000 barrels a day.

U.N. economic sanctions imposed on Iraq following the August 1990 invasion of Kuwait remain in force, and Baghdad will not be able to export its crude oil until the embargo is lifted.

Iraq has rejected a U.N. offer that would allow the sale of oil worth 1.6 billion worth of oil to finance food, medicine and other humanitarian purchases, but under strict controls.

Iraq, which pumped more than 3 million barrels of crude oil a day before the Gulf crisis, now produces about 450,000 barrels daily. Most of that is used domestically with some trucked overland to Jordan.

*OPEC-Iraq<

*With OPEC<

*Iraq Accuses U.S., Britain of Blocking Oil Export Deal<

*By SALLY JACOBSEN=

*Associated Press Writer=

VIENNA, Austria (AP) — Iraq on Thursday accused the United States and Britain, its Gulf war foes, of blocking a United Nations deal that would let it sell crude oil to buy needed food and medicine.

“The United States and Britain have never really wanted Iraq to export oil,” said the nation’s oil minister, Usama Abdul Razzak al-Hiti.

The giant producer has been barred since its August 1990 invasion of Kuwait from selling crude. But it has been negotiating with the United Nations for a one-time sale of more than dīrs 1.6 billion worth of oil to buy food and other supplies.

Al-Hiti, who spoke to reporters before a meeting of the Organization of Petroleum Exporting Countries, said technical details relating to the proposed sale had been resolved.

“The problem is political,” he said.

The United States and Britain, he said, “are obstructing the reaching of an agreement between the United Nations and Iraq.”

No date has been set for a new round of formal talks between U.N. and Iraqi officials, the minister said, adding that informal discussions were continuing.

“We are very serious to establish exports,” he said. “We are very serious about trying to sell some oil so we can get food and medicine.”

Under the United Nations proposal, the money would also be used to pay reparations from the Gulf war and the costs of U.N. inspection and destruction of powerful Iraqi arms.

The Baghdad government had protested the strict conditions attached to the sale, saying they would violate its sovereignty.

Under the original proposal, the United Nations would approve all sales and payments and revenue would be deposited into a U.N. bank account.

Before its occupation of Iraq, Iraq pumped 3.1 million barrels of oil a day, making it one of the world's leading suppliers.

Al-Hiti said Iraq is pumping about a half million barrels a day, with 55,000 barrels bound for Jordan.

He said it could immediately produce up to 2.5 million barrels a day, with 2 million barrels earmarked for exports.

Iraq's eventual return to the oil market will cause turmoil in OPEC. Other cartel producers will have to cut back to avoid flooding the market with oil. Too much crude would send prices tumbling.

Privately, many delegates doubt Iraq will be back in the market anytime soon -- perhaps not for the rest of the year.

They insist the West will not allow Iraq to regain its powerful position in the oil market as long as Saddam Hussein remains in power.

Earlier in the week, al-Hiti said the United Nations should lift economic sanctions against his country because it has complied with the tough terms set out by the United Nations under the Gulf war cease-fire.

U.N. officials will review at the end of the month Iraq's compliance with the terms.

U.N. Security Council members, including the United States and Britain, contend Baghdad has not met all the cease-fire conditions and the sanctions should remain.

They say it has not completely disclosed its programs for developing and producing nuclear, chemical and biological weapons nor cooperated fully with efforts to destroy those arms.

BC-OPEC, 1st Ld-Writethru

Iraq Says Crippling Economic Sanctions Should Be Lifted

Eds: AMS version. Updates with Iraq, Venezuela remarks.

*By SALLY JACOBSEN=

*Associated Press Writer=

VIENNA, Austria (AP) _ Iraq's oil minister said Tuesday that crippling economic sanctions imposed on his nation during the Gulf crisis should be lifted so it can resume oil exports.

The minister, Usama Abdul Razzak al-Hiti, insisted the Baghdad government has complied with the stiff terms set out by the United Nations under the Gulf war cease-fire.

Al-Hiti, arriving for a meeting of the Organization of Petroleum Exporting Countries, noted U.N. officials will review at the end of the month Iraq's compliance with the cease-fire terms.

"Since we have carried out all the (U.N.) resolutions, I think we should be allowed again to export oil," he told reporters.

U.N. Security Council members, including the United States and Britain, contend, however, that Baghdad has not met all the cease-fire conditions and the sanctions should remain in place.

They say it has not completely disclosed its programs for developing and producing nuclear, chemical and biological weapons nor cooperated fully with efforts to destroy those arms.

Sanctions barring export sales of Iraqi crude were imposed after Saddam Hussein's army invaded neighboring Kuwait in August 1990.

U.N. and Iraqi officials have discussed a possible one-time sale of 600 million barrels worth of oil so Iraq can buy needed food and other supplies. No progress has been reported recently in those talks, and al-Hiti made no mention of the negotiations.

Future oil production from Iraq, once one of the world's leading suppliers, will be a wild card in OPEC's discussions this week.

Ministers of the 13-nation cartel began gathering to stake out positions before Thursday's midyear conference on oil production in the summer.

Saudi Arabia, the group's most powerful member, was expected to call for an increase in the output ceiling of about a million barrels a day to meet higher demand projected in the July-September period.

But Iran and Algeria were likely to argue against any surge until prices hit OPEC's target of dīrs 21 a 42-gallon barrel.

The average price of a basket of crudes monitored by the cartel was dīrs 18.48 a barrel last week, above the April average of dīrs 17.69.

Prices for light sweet crudes in the United States and Europe usually run several dollars a barrel higher.

Venezuela also appeared to be taking a cautious line on production.

"I don't think we should anticipate increases in consumption," said Oil Minister Alirio Parra. "What we want to do is to maintain a healthy balance between supply and demand."

OPEC sources, demanding anonymity, said cartel economists predicted demand of 23.7 million barrels a day in the third quarter, rising to 25.1 million barrels a day in the final three months of the year.

Analysts predict higher demand partly because of increased driving during the summer months.

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VIENNA: economic recovery.<

Analysts estimate the cartel's current production at 23.5 million barrels a day, about a half million barrels above its spring cap.

Saudi Arabia, the world's largest crude exporter, is estimated to be lifting about 8 million barrels a day.

Gulf sources, demanding anonymity, said last week that the kingdom would likely push for a summer output ceiling of about 24 million barrels a day.

On Monday, the Saudi government said its oil policy was based on preventing sharp gyrations in the oil market.

In a statement, the kingdom said it would ensure the flow of oil because of "its concern about world economic development and about preventing any pitfalls or upheavals that might affect this."

A big jump in crude prices could hurt the fledgling economic recovery in the United States and elsewhere.

OPEC members are: Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates and Venezuela.

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*Iraqi Oil Sales Counted Out For Now, Report Says<

*Eds: Updates with Baghdad radio report on Iraqi oil minister's comments<

*With BC-OPEC<

NICOSIA, Cyprus (AP) _ Iraq will not be able to resume vital oil sales this year because its negotiations with the United Nations to ease sanctions are deadlocked, the Middle East Economic Survey reported Monday.

"No resumption of Iraqi oil exports is to be expected under prevailing circumstances," the respected oil industry newsletter said.

"The deadlock between the two sides would seem to be complete."

That could eliminate one problem when oil ministers of the Organization of Petroleum Exporting Countries meet in Vienna Wednesday to hammer out a new production agreement for the July-September period.

But Iraqi Oil Minister Osama Abdul-Razzak al-Hiti said Monday he would raise the subject of future Iraqi exports at the OPEC meeting, Baghdad radio reported.

It said al-Hiti would present "the subject of preparing for the return of Iraq to assume its important role in the international oil market when it resumes exporting."

The radio said he would ask his OPEC colleagues to take measures to facilitate Iraq's return to the market, and he indicated that some member states have exceeded their quotas.

MEEB said Iraqi production _ 3.2 million barrels a day before the 1990 Gulf crisis _ remains one of the wild cards in OPEC's supply picture. The others are Kuwait's accelerating output and the possibility of U.N. sanctions against Libya.

MEEB cited a May 4 interview with Deputy Premier Tariq Aziz broadcast by Turkish television, in which he rejected a one-time \$1.6 billion oil sale to buy food and medicine for Iraq's 17 million people, who are suffering severe hardships because of U.N. trade sanctions.

"With the conditions that the U.N. members want to impose, they are trying to turn Iraq into a colony," the weekly newsletter quoted Aziz as saying.

"We accept things being out in the open," Aziz said. "We have allowed them to control all aspects of oil sales and the goods we import from other countries."

But he said Iraq could not accept U.N. control of food distribution within Iraq, and blamed the United States and Britain for trying to force that provision.

Hiti, the Iraqi oil minister, said Iraq could begin oil exports immediately if the United Nations lifted sanctions imposed after the August 1990 invasion of Kuwait.

The Iraqi News Agency, monitored in Cyprus, said Hiti told the Baghdad parliament that Iraq could export 800,000 barrels a day through the offshore Al-Bakr oil terminal on the northern Gulf.

He said another 1.18 million barrels a day could be piped northward through Turkey, although Aziz had ruled out that pipeline because it went through areas controlled by Kurdish rebels.

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-IRAK-PETROL IHRACATI

-IRAK, TURKIYE'DEN GEcEN BORU HATTI ILE

GUNDE 1.18 Milyon Varil Petrol IHRACINA HAZIR

BAGDAT (A.A) - Irak'in, Turkiye'den geCen boru hattı ile
gunde

1,18 milyon varil petrol ihraC etmeye hazır olduđu bildirildi.

Irak Haber Ajansı INA'nın haberine göre, Petrol bakanı Osama
Abdulrezzak El-Hiti, parlamentoda yaptığı konuşmada, 1990
yilından

beri uygulanan uluslararası ekonomik ambargonun kaldırılması
durumunda petrol ihracına hemen geCebileceklerini söyledi.

El-Hiti, "Turkiye'den geCen boru hattı ile gunde 1,18 milyon
varil, ulkenin guneyindeki Mina El-Bekir rafinerisinden de gunde
800

bin varil petrol ihraC edebiliriz" dedi.

Bakan, Irak'in petrol üretimini gunde 6,5 milyon varile
Cikarmaya Calistigini kaydetti.

Uretilen petrolun bir kisminin satılması iCin BM ulkeleri
ile

gorusmelerde bulunduklarını belirten bakan, İngiltere ve ABD'yi
yeniden suClayarak, Washington ve Londra'nın, "dunya pazarlarına
sadece Birlesik Arap Emirlikleri ile Suudi Arabistan'in petrol
ihraC

edebilmelerini " istediklerini ileri surdu.

BM Guvenlik Konseyi, geCen agustos ayında Irak'a alti ay
sureyle

petrol satışı iCin izin vermiş, ancak Bagdat yönetimi bunu
"egemenliğine yönelik bir karar" olduğunu belirterek
reddetmişti.

(AFF-FGN-Hc)

BC-Iraq-Kuwait

Iraqis Condemn Iraq-Kuwait Border Commission

NICOSIA, Cyprus (AP) — Iraqi cabinet ministers condemned the new boundary between Iraq and Kuwait set by a U.N. commission, calling it another plot to deprive Iraq of its national rights, the official news agency reported Sunday.

The Iraqi News Agency said the comments came at a discussion Saturday night in the National Assembly, or parliament, about a U.N. Security Council resolution that called for demarcation of the border.

A dispute over the boundary was one of the major reasons Saddam Hussein cited for his August 1990 invasion of Kuwait, which led to seven months of occupation before U.S.-led allied forces expelled the Iraqi forces.

After four weeks of surveying the desert, a U.N. technical team on May 11 completed installation of markers for the border, which has been disputed since Britain granted independence to Kuwait 30 years ago.

The new line puts about 10 Iraqi oil wells into Kuwaiti territory, as well as an abandoned naval base at Um Qasr, Iraq's only functioning port. The U.N. team denied its work was aimed at punishing Iraq for the invasion, insisting that it followed satellite positioning to pinpoint the old British line.

In addition to solving a dispute over oil, Saddam's annexation of Kuwait would also have given it additional access to the Gulf long sought by Baghdad.

INA said the state minister for foreign affairs, Mohammed Saeed Kazem al-Sanhaf, told the assembly that the new boundary "did not achieve justice for our country and denied Iraq's rights" to both land and water.

Dr. Riyadh al-Qaysi, identified by the news agency as head of the Foreign Ministry organizations department, was quoted as saying:

"Iraq considers the resolution as flagrant intervention in its internal affairs, and contrary to all international laws and charters concerning demarcation of borders between countries.

"Such a resolution is a part of a chain of plots against the Iraqi people and Iraq's wealth. It is an imperialist game by America and its allies against the rights of the Iraqi people," Qaysi reportedly said.

Members of parliament urged all international parliaments and organizations, especially those including Arab countries, "to uncover the malicious intentions of America and its allies for continuing to carry out aggressive schemes against Iraq and its people," INA said.

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^Iraq Says Will Meet Soon With U.N. on Oil Sale<

VIENNA, Austria (AP) _ Iraq and the United Nations will meet soon for a new round of talks on a proposed sale of the giant producer's crude oil, its oil minister said.

''We are very serious to finalize the negotiations,'' the minister, Osama Abdul Razzak al-Hiti, said late Tuesday after arriving in Vienna for an OPEC meeting.

''We hope we can reach an agreement which is honorable and acceptable,'' he said.

Al-Hiti said no date or place had been set for the discussions, but he predicted a meeting shortly.

The two sides are reportedly close to a deal that would allow Iraq to sell more than dlr 1.6 billion of crude to finance food and humanitarian purchases.

Iraq, one of the world's leading crude producers, has been barred from selling oil by international sanctions imposed after its August 1990 invasion of neighboring Kuwait.

In the past, Iraq has protested the strict conditions proposed on the sale, saying they would violate its sovereignty.

Al-Hiti said both sides were showing flexibility in the talks. ''We are understanding each other better now,'' he said.

Recent discussions with U.N. officials, he said, centered on the value of the oil that could be sold under the arrangement.

The money, he said, would ''get food and medicine.''

Al-Hiti said Iraq could export up to 1.5 million barrels of oil a day as soon as a deal was reached.

''When they are ready, we are ready,'' he said.

It ''could take a few days to work out details _ just a few days,'' he added.

Before the embargo, Iraq pumped about 3.1 million barrels of oil a day, one of the top three producers in the Organization of Petroleum Exporting Countries.

Al-Hiti said U.N. officials have not objected to an Iraqi proposal to ship oil from the Mina al-Bakr tanker-loading terminal in the Gulf, rather than through a pipeline across Turkey. The Ankara government wants stiff fees for its use.

He said Iraq could load as much as 800,000 barrels a day at the Mina al-Bakr terminal and an additional 400,000 barrels a day by the end of June.

Asked about reports that Baghdad was considering shipping oil through a closed pipeline across Syria, al-Hiti said he was unaware of any such discussions.

''At this stage,'' he said, ''we don't need the Syrian line.''

The U.N. Security Council had approved a limited one-time sale of Iraqi oil under strict U.N. monitoring over a six-month period. But that approval expired and the council decided to await the outcome of further talks before authorizing another sale.

The United Nations would approve all sales and payments and revenue would be deposited into a U.N. bank account. Revenue would be used to finance humanitarian supplies, to pay reparations from the Gulf War and to pay the costs of U.N. inspection and destruction of Iraqi weapons.